

members such rights and privileges as may be legally granted to persons not being members of the company and on such terms as may be expedient.

(17) To do all such other lawful things as are identical or conducive to the attainment of the above objects or any of them.

4. The liability of the members is limited.

5. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up during the time that he is a member or within one year afterwards for payment of the debts and liabilities of the company contracted before the time at which he ceases to be a member, and the costs, charges, and expenses of winding up the same and for the adjustment of the rights of the contributories amongst themselves such amount as may be required, not exceeding £1,000.

COMPOSITION OF THE INTERNATIONAL SHIPPING FEDERATION (LTD.)

Board of directors: Britain, E. Pembroke, 34 Leadenhall Street, London, E. C., shipowner; Sweden, A. O. Wilson, Gothenberg, shipowner; Germany, P. Ehlers, Hamburg, shipowner and doctor of law; Denmark, C. Kronman, Copenhagen, chairman Danish Shipping Federation; Holland, J. Visser, Rotterdam, delegate for Shipping Federation of Holland; Belgium, J. Langlois, Antwerp, ship broker; Holland, J. Vink, Amsterdam, shipowner.

COPY OF THE REGISTER OF THE GENERAL COUNCIL OF THE INTERNATIONAL SHIPPING FEDERATION (LTD.)

Name, address, and occupation: Jacques Langlois, 7 Quai Van Dyck, Antwerp, average adjuster; Maurice Ortmane, 15 Canal des Brasseurs, Antwerp, ship broker; K. Reinhard, Borsen, Copenhagen, shipowner; A. O. Anderson, 22 Amellegade, Copenhagen, shipowner; C. Leist, Norddeutscher Lloyd, Hamburg, shipowner; Paul Ehlers, Adolphsbrücke 2, Hamburg, doctor of law; J. Vink, Messrs. Hudig, Voder & Co., Amsterdam, ship brokers; E. Indebetun, Sveriges, Redareforening, Gothenburg, master mariner; A. O. Wilson, Sveriges, Redareforening, Gothenburg, shipowner; Thomas L. Devitt, 13 Fenchurch Avenue, London, E. C., shipowner; T. F. Harrison, 67 South John Street, Liverpool, shipowner; R. M. Hudson, Tavistock House, Sunderland, shipowner; Henry Radcliffe, the Docks, Cardiff, shipowner; Sir Walter Runciman, bart, Masonic Building, Pilgrim Street, Newcastle-on-Tyne, shipowner; F. S. Watts, 7 Whittington Avenue, London, E. C., shipowner; J. Visser, Messrs. Wambersie & Son, Rotterdam, ship broker.

Mr. JONES of Washington. Mr. President, I desire to have inserted in the Record a letter from Admiral Palmer dealing with and giving the facts with reference to this matter.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

FLEET CORPORATION,
OFFICE OF THE PRESIDENT,
Washington, D. C., February 10, 1925.

Hon. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Referring to my letter of yesterday, the sea service bureau, operated by the Shipping Board, informs me that with the exception of the steward's department much the larger percentage of the men on our ships are Americans, and that the percentage of Filipinos is very small, indeed. They have taken the month of January, 1925, and the west coast ports show:

	Deck department	Engine department	Steward department
On passenger ships:	Per cent	Per cent	Per cent
Americans.....	86	92	10
Filipinos.....	0	0	0
Lascars.....	0	0	0
On cargo ships:			
Americans.....	83	87	41
Filipinos.....	0	0	19
Lascars.....	0	0	0

On the east coast, where we have far the greater number of vessels, the percentages are as follows:

	Deck department	Engine department	Steward department
On passenger ships:	Per cent	Per cent	Per cent
Americans.....	98.1	88.3	27.6
Filipinos.....	0	1.9	0.7
Lascars.....	0	0	0
On cargo ships:			
Americans.....	87.5	89.2	77
Filipinos.....	0.4	2.2	8
Lascars.....	0	0	0

You will see from the above that we have a very good percentage of Americans in the engine and deck departments and a very small percentage of Filipinos; also that there are no Lascars in any part of the service.

Sincerely yours,

L. C. PALMER.

The PRESIDING OFFICER. The bill is still before the Senate as in Committee of the Whole and open to amendment. If there be no further amendment to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and (at 6 o'clock and 33 minutes p. m.) the Senate adjourned until Monday, February 16, 1925, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SATURDAY, February 14, 1925

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

From Thee, O God, has come the divine estimate of human life! We thank Thee for the marvelous relationship between our infinite Creator and His children. Bless us with the wonderful thought that we are in this world to be more than conquerors through Him who hath loved us. Strengthen us for all conflicts; may we face them cheerfully and courageously. In all situations help us to be diligent and faithful, patient and hopeful, and to realize that nothing finally wrong can live. When we reach the closing scenes of life may we be counted worthy among those who shall receive an inheritance incorruptible and that fadeth not away. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

ADJUDICATION OF CLAIMS OF CHIPPEWA INDIANS OF MINNESOTA

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to withdraw the conference report on the bill (H. R. 9343) to authorize the adjudication of claims of the Chippewa Indians of Minnesota.

The SPEAKER. The gentleman from New York asks unanimous consent to withdraw the conference report on the bill, which the Clerk will report by title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2865. An act to define the status of retired officers of the Regular Army who have been detailed as professors and assistant professors of military science and tactics at educational institutions, and for other purposes;

S. 3883. An act providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, and Taos Counties, N. Mex., within the Mora grant, and adjoining one or more national forests, by exchanging therefor timber, within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona; and

S. 3967. An act to authorize the Postmaster General to rent quarters for postal purposes in certain cases without a formal written contract, and for other purposes.

The message also announced that the Senate had passed without amendments bills of the following titles:

H. R. 9494. An act to enable the Board of Supervisors of Los Angeles County to maintain public camp grounds within the Angeles National Forest; and

H. R. 10287. An act authorizing preliminary examination and survey of the Caloosahatchee River in Florida, with a view to the control of floods.

SENATE BILLS REFERRED

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2865. An act to define the status of retired officers of the Regular Army who have been detailed as professors and assistant professors of military science and tactics at educational institutions, and for other purposes; to the Committee on Military Affairs.

S. 3883. An act providing for the acquirement by the United States of privately owned lands in San Miguel, Mora, and Taos Counties, N. Mex., within the Mora grant, and adjoining one or more national forests, by exchanging therefor timber, within the exterior boundaries of any national forest situated within the State of New Mexico or the State of Arizona; to the Committee on the Public Lands.

S. 3967. An act to authorize the Postmaster General to rent quarters for postal purposes in certain cases without a formal written contract, and for other purposes; to the Committee on the Post Office and Post Roads.

S. J. Res. 177. Joint resolution to amend section 2 of the public resolution entitled "Joint resolution to authorize the operation of Government-owned radio stations for the use of the general public, and for other purposes," approved April 14, 1922; to the Committee on Merchant Marine and Fisheries.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 4610. An act for the relief of the estate of Filer McCloud.

EULOGY ON THE LATE SAMUEL GOMPERS BY MISS GUARD

Mr. CASEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a short eulogy of the late Samuel Gompers by Miss Guard, who was his confidential secretary for 25 years before his death.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

There was no objection.

Mr. CASEY. Mr. Speaker, under the leave granted to extend my remarks I insert a short eulogy on the late Samuel Gompers by Miss Guard, who was his confidential secretary for 25 years before his death.

The eulogy is as follows:

"I have fought a good fight, I have finished my course, I have kept the faith."

"Was it not worth it, just to dare to be
One's simple self, to think, to live, to do,
And not be ashamed? To live one's life
Fearless and pure and strong, true to oneself,
Though the false world were full of lies and hate,
And blind men lead each other through the dark,
To weak to sin, ashamed of what is good,
Unable to do evil, thinking it?"

Again between the living and the dead the impenetrable veil has fallen—that mysterious veil which all of science can not lift, before which faith, abashed, can only kneel, beyond which religion may not step. All paths end here. Whether Dives or Lazarus, none may escape these dread portals. From that pilgrimage beyond no traveler has ever yet returned; out of that profound silence no smallest word has ever yet been spoken.

The democracy of death reckons not of king or serf. The relentlessness of his chisel fashions alike in frozen marble the lips of age and those of youth.

Samuel Gompers is dead. He has set sail upon that tideless sea whose ships drift out never to return. He has gone into that tremendous vista of silence where dwell the unnumbered hosts.

The bell that tolls above his bier is heard "On Greenland's icy mountain and India's coral strand," for they who hew the world's wood and mine its coal, who build its bridges and sail its ships, who drive its engines and harness its electricity, mourn his passing. He was their friend; there was none greater, none more true. He understood the men of toil, for he lived their lives, he spoke their language. With them he toiled at the shoemaker's bench, the cigar maker's table. Their sorrows were his sorrows, their struggles his struggles. Unflinchingly he fought their battles; untiringly he bulled for their weal. He went hungry with them. His wife and children with theirs knew what it was breathlessly to watch for the raven's visit.

His birth-star arose above the slums of a great city. His childish feet knew not the feel of green-swathed turf. The song of birds, the perfume of flowers, the magic of water purling over pebbles where the willows bend were not for him. The bitter needs of life too early clasped his boyish fingers to the shoemaker's awl, the cigar maker's blade. The stitching of leather, the monotonous rolling of brown leaves, mercilessly pressed downward the wondering, eager eyes of childhood. Not for him the dazzling silence of starry skies, the shimmer of sunlight on pink and white masses of apple trees in springtime, the stately march of towering mountains beneath the flaming red and gold of sunset skies.

Drab streets and leaden walls that encircle "the sad and simple annals of the poor" hold little of storied song or picture, yet the young lad, bent above his daily task, dreamed dreams and caught the shining radiance of a vision that led him afar, even unto the gates and into the presence of the high and mighty ones of earth.

Statesman and lawmaker, financier and philanthropist, president and king, soldier and sailor, musician and artist, the writer of books and the singer of songs, the healer of bodies and the doctor of souls, all were his friends, all paid tribute to the greatness of his soul, the brilliancy of his mind, the tenderness of his heart.

He was not the Columbus of the labor movement, but that he would have been its Casablanca had the need arisen no one who knew him could doubt.

He voiced the cry of the inarticulate multitude, the human cry for better homes, better food, for opportunity for leisure to inhale the perfume of flowers and gaze upon their beauty; to bask in the sunlight; to study the stars and muse in the moonlight; to loiter by the limitless ocean; to thrill to the music of the world's greatest artists; to drink in the beauty of the painted canvas, the sculptured marble; to make friends with the great minds of all ages.

To break the shackles of the tolling giant Labor; to lead him from his belching furnace, from the dust and grime of his factory, from the blackness of his mine, step by step into the glory of understanding the ethereal beauty of a Raphael, the exquisiteness of a Michelangelo, is a concrete demonstration of a scientific principle of industrial life underlying the safety of government.

To transform despair into courage, to inspire hope for despondency, to guide the faltering steps of weakness into the pathway of strength and duty, to turn the tears of grief into the swelling tide of joy, to bring sunlight out of darkness—is there more noble aim for man to struggle to attain?

Ambition spurred him, a noble, unselfish ambition to give and give of self in the service of humanity. That which was paramount in his life was duty, service. When duty called no other consideration weighed; to service he consecrated his devotion, his love.

Kindliness, charity, faith, friendliness, love, hope, cheer, belief—these he gave in unstinted measure to all supplicants at the wide-open door of his heart.

He was neither awed by position nor coerced by rank. He bowed to no man for place or power; he was unfettered by pledge or promise. That for 40 years the men and women of labor should have placed and replaced the scepter in his hands was but the recognition of his selfless, burning desire to serve those who most need service, the demonstrated wisdom of his leadership, the established incorruptibility of his character.

He had no personal ends to serve. He cared not whether his was the popular cause, whether his was the smooth and pleasant road. Reckless of consequences to himself, with blazing, fearless zeal he threw into the battle for right and justice the full power of his keen mind, the concentrated force of his trained intelligence, the strength of his profound knowledge of human nature.

He had "the courage which inspires a man to do his duty, to hold fast his integrity, to maintain a conscience void of offense at every hazard, every sacrifice, in defiance of the world." He was hated, feared, loved, revered, denounced, applauded, condemned, but neither the howlings of the mob nor the paeans of the multitude could swerve him from his high and lofty ideals. There was no sordid stain "on the mountain peak of his integrity." Faithful to his friends, just to his enemies, he was fair to all mankind.

His lips knew well the unquenching bitterness of the waters of Marah; the stones up Calvary's toilsome way had marked his tired steps; yet his soul lost not its undaunted courage, his heart kept ever bubbling its spring of hope, the eyes of his faith looked away and above and visioned the radiance of a future whose splendor undimmed glowed through the illimitable distance.

His soul was free. He was unshackled by creed or dogma. To make to-day better than yesterday, to make to-morrow better than to-day, was to him a devout religious belief.

He worshipped at no temple save the great, unvalled, undomed temple of freedom; for freedom was his ideal, the ultima Thule of all his struggles—that freedom which waits upon the altar of truth and justice.

Liberty was his passion, justice his devotion, humanity his love.

A man of dreams and visions, of fire and passion, he was yet the epitome of practical action and achievement.

Strongly magnetic, overflowing with wise and understanding sympathy and love that are wholly divorced from maudlin sentiments, without conscious effort he drew men to him and held them in bonds of strong and unchanging friendship. He inspired devoted love and commanded unsought that unquestioning loyalty for which kings and rulers have sighed in vain and for which their kingdoms' treasures were a guerdon small.

Samuel Gompers was no misanthrope, no wailing Jeremiah. He loved life because he understood life and was in attune with its

ecstasies and tears, with its thrills and pangs, its roses and thorns, its sunshine and shadow, its crosses and crowns, its Golgothas and Pisgahs.

He loved his fellow men. In his heart malice found no place. He forgave his enemies—and forgot them. The complexities of his many-sided nature harbored naught of hatred or revenge. There was too much to be done in the short span of one life to squander golden hours in the uselessness of hatred. He might loathe, abhor, the words, the policies, the deeds of others; he might express just resentment and indignation because of those who maligned and vilified him, who ascribed to him base, dishonorable motives, but never did he seek reprisal. Revenge was not for him. He firmly believed that truth is mighty and will prevail. He was always ready to build the golden bridge that his enemy might cross over to him, and this was not actuated by policy. It was the normal expression of his nature.

Great souls, broad minds, warm hearts have no time for the withering blight and smallness of revenge.

Human nature was his absorbing, ceaseless study. He comprehended its weakness no less than he understood its strength, for he was very human—he knew himself. He knew his fellow men profoundly—the heights to which they rise, the depths to which they sink. For their victories, none more quick to give full, generous meed of praise; for their mistakes, none so patient in that charity that "suffereth long and is kind." To the men and women of labor, if he felt impelled to censure, it was given face to face. Before the critics of labor, if his sense of justice would not permit defense, he refused to condemn. If he could not lift up he would not shove down. If he could not help he would not injure. Never would his voice mingle with the howling of the mob—"Crucify him, crucify him!" Too well he knew that there is ever waiting a Judas to betray, a would-be Caesar to destroy.

Vanity he had not, for vanity is but the handmaiden of weakness. Tremendous pride was his, the pride that accepts without complaint the consequences of one's acts, ever ready to snatch victory from defeat, to meet disaster with a smile; the conscious pride of rectitude that fears no probe, that courts the pitiless light of full publicity.

Neither promise of success could lure nor fear of failure frighten him from the great highway of right. The primrose path, melting into wide vague distances, held for him no charm. His was a mind of definite clearness, his a character of unpurchasable integrity. For him the glitter of gold held no allure. If affluence and ease had been his goal, wealth could have been his for the lifting of a finger. To offer him "all the sun sees, or the close earth wombs, or the profound seas hide," tempted him not. Poverty was no cross, riches would have been a burden.

He was imperious yet gentle, and, like all great souls, he had the heart and the winning simplicity of childhood.

His was a nature of deep affection, the proud affection which gratefully accepts but which never requests.

In the pain of those he loved he was the veriest coward; for himself suffering but evolved the strength with which to bear it.

He was as keenly sensitive as the tenderest woman, but no slander, hatred, envy, contumely could swerve him from his rightful course.

He lived with his own self-respect, he ever sought his own approbation. Secure in that, he could live serene no matter how the storms might rage.

That the forces of destiny molded his life into the world's greatest labor statesman took from the realm of music a possible interpreter of extraordinary promise. Through all his life his most entrancing, exquisite happiness centered in the opera. There was no weariness so profound, no disappointment so keen, no hurt so heartbreaking, but that an evening at the opera could not bestow its compensating benediction.

To physical fear he was a stranger; his life's achievements were a surpassing demonstration of unconscious moral courage. Few there are who knew that in the last years of his life he lived in almost total blindness. He was dependent upon some one to walk with him, to travel with him, to read to him. At the age when the average man considers active life as ended, more than half blind, he "carried on," accomplishing a prodigious amount of varied work that well might tax a man 40 years his junior. Never was he heard to complain, never did he make a friend or colleague feel uncomfortable or ill at ease because of his handicap. So perfect was his manner, so quick, keen, retentive his mind that his friends forgot his semiblindness; acquaintances and strangers did not suspect it. And that was as he wished it to be—no plea for sympathy, no special consideration because of physical disability, but only a strong man bravely fighting the battle of life and believing with all the intensity of his soul that the battle in which he was engaged was for the ultimate good of all the people.

Born under a foreign flag, as a child brought across the waters to the land of his parents' adoption, in boyhood and young manhood, in maturity and in age, he loved his country with a flaming, consuming passion. "My country, 'tis of thee, blest land of liberty," were to

him no idle words. To him they literally meant "land of liberty," and with all the ardor of his intense nature he unremittently denounced that which savored of unfreedom, of restriction of liberty.

He believed in his country, in the matchless greatness of its institutions, in the fundamental principles upon which its government is founded. To quote his words:

"America is not merely a name. It is not merely a land. It is not merely a country, nor is it merely a sentiment. America is a symbol; it is an ideal. The hope of all the world can be expressed in the ideal—America."

He attacked, opposed, not government but those who in high places would subvert the tremendous power of office to ignoble ends. For such he had only scorn, but scorn tempered with the understanding of human weakness, of the limitation of human intelligence, with the belief that—

"When the sun grows cold
And the stars are old
And the leaves of the judgment book unfold—"

Such will be found the admixture of good and evil, of strength and weakness, that only charity should be shown the man, unceasing warfare waged against the evil of his deeds.

Because above all else he would have his country great and free; because he would have it become the beacon star of hope for all the world, leading the peoples of the earth to that which is highest and noblest, purest and best in the development of humanity toward that goal where men may become as gods; because in all his life he knew not to advocate a reform or to struggle for a principle on the ground of personal preferment or gain, he was fearless in his attacks to correct evils, relentless in his efforts to abolish abuses, unflinching in his warnings of threatening perils.

Always unafraid, always alert to danger to the country he loved so well, to the toilers he served so generously, to those who come after him the memory of his life will forever be an inspiration to nobler manhood, to higher ideals.

His life was a demonstration of himself; not an apology for himself.

To the last hour of his life he was as full of hope as is the budding springtime. He carried lightly his more than three score years and ten. He found no time to sit in the shadows of the evening dreaming of the days that had passed. The tranquil, downward path that lingers through the quiet, green valley knew not his step.

The glow of the sunrise was ever in his eyes—the mountain peaks of the East forever beckoned to yet greater heights to soar.

He had no yesterdays. He lived to-day, and while he lived and worked his eyes visioned afar the golden promise of the future—to-day was ever lived to shape to-morrow for its fulfillment.

Samuel Gompers is dead, but the world is richer that he lived; for goodness does not die; character lives on, love reaches beyond the trappings of woe, the austerity of death—for love alone is immortal.

The legacy he left to his friends is the memory of a true, an honest, an unstained life, consecrated to the service of justice, freedom, humanity.

Liberty has written his name in letters of fire that all of time can not efface.

History has inscribed his deeds in records that the future can not change.

Nature was kind to him. While yet the sunset colors painted deep the western sky, wrapped in the "dreamless drapery of eternal peace," she laid him down to sleep beneath the evening star. Failing powers, that tragedy of advancing age, had not swept him from the arena of active achievement. He died as he had lived, as he had wanted to die, in the full panoply of service.

"To outlive usefulness is a double death."

FEDERAL REGULATION OF MOTION PICTURES

Mr. SWOOPE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of Federal regulation of motion pictures.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. SWOOPE. Mr. Speaker, H. R. 6821 provides for a Federal motion-picture commission, with the power to regulate or censor motion pictures. While a deputy attorney general of Pennsylvania I represented the Commonwealth in many hundreds of cases in which the Pennsylvania State Board of Censors was the prosecutor. I became greatly interested in this subject, and therefore should like to say a few words on the pending bill.

This bill does not require a constitutional amendment to authorize Congress to legislate on the subject. Motion-picture films are undoubtedly articles of interstate commerce, and Congress has the constitutional right to control and regulate

them. In *Pensacola Telegraph Co. v. Western Union* (96 U. S.) the Supreme Court said:

The powers thus granted are not confined to the instrumentalities * * * known or in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new developments of time and circumstances.

In accordance with the principle here laid down, the term "commerce" includes "the transmission of ideas," the necessary contracts, and so forth. (*Houston v. Meyes*, 201 U. S. 321.)

"The power to regulate means to foster, control, restrain." (Lottery cases, U. S. 321.)

Obscene publications are barred from transportation. (*Clark v. U. S.*, 211 Fed. 916.)

So also are films representing prize fights. (*Weber v. Freed*, 239 U. S. 325.)

In Frohlich's "Law of Motion Pictures," it is stated that the right of Congress to legislate on this subject is conceded.

If this be so, then the only question to be considered is the advisability of censorship. In favor of the advisability of censorship legislation is the fact that nine States already have censor boards, and while in every State where they have such boards strenuous efforts have been made to abolish them, they still exist. In New York there is now considerable agitation to repeal the law of that State, and it is fathered by no less a person than the popular Governor of the Empire State himself.

But it seems to many of us that the arguments in favor of the censoring of motion pictures are convincing to anyone who will take an unprejudiced view of the matter. The best argument in favor of censorship I ever saw was a private exhibition of uncensored films conducted by the Pennsylvania State Board of Censors for the information of our legislators. Many obscene, nude, and licentious films, which had been submitted to our censor board and rejected, were shown. I think at least two-thirds of the members of the legislature were convinced that such films should not be shown to public audiences.

All those who have visited the city of Havana, Cuba, have been shocked by the obscene films shown there. It is even worse in the South American cities. These places have no censorship, and the greedy film producers can show anything they wish.

But it seems to me that the great reason for strict censorship of moving pictures is the child. A majority of picture-show audiences is made up of children from 5 to 15 years of age. These are particularly impressionable. An actual census was taken of the attendance in some of the leading picture theaters in Philadelphia, and it was proven that over half the audiences were children. The peculiar susceptibility of children and other ignorant persons to suggestion is well expressed by Prof. Samuel B. Heckman, of the College of the City of New York, in the following words:

One of the characteristics which mark the difference between children and adults is in their reaction; is that the imagination is less modified, is less controlled in relation to realities; that is, the experiences of children are frequently enlarged or magnified sometimes out of proportion to the thing that really happened.

Another characteristic difference is that lack of control. Another, and probably the most important of the differences between childhood and grown-up life, is that inability, particularly as it refers to the screen picture, to see a story through to the end. The child is impressed by the single picture, the single scene, and the activities it portrays and fails, nearly always, to evaluate those pictures and those scenes to the story as a whole. That is an influence which bears upon their lives.

A film story which may contain some picture of lawlessness or murder may be accepted by the intelligent adult as a justifiable moral picture, because in the end justice prevails, and the criminal, if he is one, is punished. But what impressed the child during that picture was the bravado, the kind of activity which the individual engaged in while performing that particular act, and that is what influences his life; he doesn't carry it through to the end to get the justification of the act in its whole setting.

The same argument for the censoring of moving pictures was adopted by the Supreme Court of Pennsylvania in a case where we appealed from an adverse decision of the court of common pleas of Philadelphia County. (See *Goldwyn Distributing Corporation*, 265 Pa. State Reports, pp. 344-345.) In this case, the supreme court said:

As a people, we have recognized certain lines of individual conduct in civil life as moral and virtuous. Their opposites we have condemned as immoral and vicious. Upon this distinction our civilization rests, and it becomes the highest duty of the legislature to guard and protect it from impairment. It will serve our purpose if we will indicate one

of these lines of conduct; others will readily occur to the most casual reader. We refer to that line of conduct that pays highest deference and respect to the sanctity and purity of the home and family relation between husband and wife, upon which the home rests. To say of a series of pictures intended for public exhibition to promiscuous audiences or spectators composed largely of the youth of both sexes, which offers for its salient attraction, and to which all others are merely incidental and subordinate, the depicting of the adulterous relation, long continued, between a libertine and an immoral married woman, the legal wife of another, with no moral to be derived therefrom other than that the man who debauched the wife or another in this way runs the risk, if the wronged husband happens to be the stronger, of having his brow scarred with a knife in a way that its significance can only be understood by the parties to the occurrence, would not encounter serious opposition on the ground that its tendency would be to debase public morals, would be to reduce to a negative quantity the healthful moral influence exerted upon community life by faithful observance of the recognized moral standards. Whatever may have been the decline, if any, in the public observance of established moral standards, we are not yet prepared to accept any such conclusion.

If we favor censoring moving pictures, it follows that the censoring should be done by a Federal commission or board. This is the only way by which to fix uniform standards. At present a picture may be rejected in Ohio, and the same one may be exhibited in the other 47 States. In the report of the municipal committee of Cleveland made May 14, 1922, in which all the arguments pro and con on censorship are exhaustively summed up, they come to the conclusion that some kind of Government regulation and control or censorship should be retained, at least for the present. Further, the committee said:

The committee believes that this function of regulation could best be exercised by the Federal Government. It is to be hoped that should a Federal board be established, the States would not deem it necessary to establish their own boards in addition and that those States already having boards would eventually dispense with them as unnecessary. The States and smaller political subdivisions should rely for protection on the Federal board, except in such cases where local conditions introduce an element concerning which the Federal board has no knowledge, or can exercise no discretion. In such cases the State or community could protect itself from the showing of an injurious film by the exercise of its local police power.

Your committee believed that if such a bill became a law, the public would be amply protected from suggestive, immoral, and obscene films and that, at the same time, the producer would be subject to the minimum of inconvenience and his investment would be much better protected than it is under the present multiboard system.

Mr. Levenson well sums up the whole movement for regulation or censorship of moving pictures by stating (*Forum*, April, 1923)—

The movement for the control of the movies which has developed within the past few years has spread over the world. England, India, Australia, Czechoslovakia, Sweden, Italy, Honduras, the Philippine Islands, Germany, Poland, the Provinces of Canada, and the cities of Japan have instituted various forms of regulatory legislation or "censorship" as the motion-picture industry would term it. Nowhere has such legislation been repealed once enacted.

When most of the civilized countries of the world have enacted such laws, it is surely time for the United States to get into line and at least try to bring about better pictures by a Government agency rather than by a national board of review, controlled by the film producers themselves. A disinterested Government agency offers the best court to decide questions affecting motion pictures, just as the courts of law are the preservers and guardians of the rights and liberties of the citizen. With all due respect to the millionaires who control the film industry, it can hardly be said that they are disinterested. It is a commercialized business like any other, and the producers are bound of necessity to think more of their profits than of the morals of the 20,000,000 children who make up such a large part of the audiences. But we who are not connected with the moving-picture business must think and do think of the millions of children who are growing up over all our immense territory, and whose standards of morals are nightly influenced by the picture shows. It is for their benefit that we advocate a Federal commission to regulate moving pictures.

PLUMAS NATIONAL FOREST, CALIF.

Mr. SINNOTT. Mr. Speaker, by direction of the Committee on the Public Lands I call up the bill (H. R. 103) for the inclusion of certain lands in the Plumas National Forest, Calif.,

and for other purposes, with Senate amendments, and move to concur in the Senate amendments.

The Clerk read the Senate amendments.

The Senate amendments were agreed to.

HOME PORTS OF VESSELS OF THE UNITED STATES

Mr. SCOTT. Mr. Speaker, I call up from the Speaker's table the bill (S. 4162) to establish home ports of vessels of the United States, to validate documents relating to such vessels, and for other purposes, an identical House bill having been previously reported.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That for the purposes of the navigation laws of the United States and of the ship mortgage act, 1920, otherwise known as section 30 of the merchant marine act, 1920, every vessel of the United States shall have a "home port" in the United States, including Alaska, Hawaii, and Porto Rico, which port the owner of such vessel, subject to the approval of the Commissioner of Navigation of the Department of Commerce shall specifically fix and determine, and subject to such approval may from time to time change. Such home port shall be shown in the register, enrollment, and license, or license of such vessel, which documents, respectively, are hereinafter referred to as the vessel's document. The home port shown in the document of any vessel of the United States in force at the time of the approval of this act shall be deemed to have been fixed and determined in accordance with the provisions hereof. Section 4141 of the Revised Statutes is hereby amended to conform herewith.

SEC. 2. No bill of sale, conveyance, mortgage, assignment of mortgage, or hypothecation (except bottomry), which includes a vessel of the United States or any portion thereof, shall be valid in respect to such vessel against any person other than the grantor or mortgagor, his heirs or devisees, and any person having actual notice thereof, until such bill of sale, conveyance, mortgage, assignment of mortgage, or hypothecation is recorded in the office of the collector of customs at the home port of such vessel. Any bill of sale or conveyance of the whole or any part of a vessel shall be recorded at the home port of such vessel as shown in her new document.

SEC. 3. All conveyances and mortgages of any vessel or any part thereof, and all documentations, recordations, indorsements, and indexing thereof, and proceedings incidental thereto heretofore made or done, are hereby declared valid to the extent they would have been valid if the port or ports at which said vessel has in fact been documented from time to time had been the port or ports at which it should have been documented in accordance with law; and this section is hereby declared retroactive so as to accomplish such validation: *Provided*, That nothing herein contained shall be construed to deprive any person of any vested right.

SEC. 4. Wherever in the ship mortgage act, 1920, otherwise known as section 30 of the merchant marine act, 1920, the words "port of documentation" are used they shall be deemed to mean the "home port" of the vessel, except that the words "port of documentation" shall not include a port in which a temporary document is issued.

SEC. 5. All such provisions of the navigation laws of the United States and of the ship mortgage act, 1920, otherwise known as section 30 of the merchant marine act, 1920, as are in conflict with this act are hereby amended to conform herewith.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. SCOTT, a motion to reconsider the vote by which the bill was passed, was laid on the table.

PURCHASE OF UNAPPROPRIATED PUBLIC LANDS

Mr. SANDLIN. Mr. Speaker, I call up from the Speaker's table the bill (H. R. 9765) granting to certain claimants the preference right to purchase unappropriated public lands, with Senate amendments, and move to concur in the Senate amendments.

The Clerk read the Senate amendments.

The Senate amendments were agreed to.

QUARANTINE STATION AT ALABAMA

Mr. McDUFFIE. Mr. Speaker, I call up the bill (H. R. 8090) an act authorizing the Secretary of the Treasury to remove the quarantine station now situated at Fort Morgan, Ala., to Sand Island, near the entrance of the port of Mobile, Ala., and construct thereon a new quarantine station, with a Senate amendment.

The Senate amendment was read.

Mr. McDUFFIE. I move to concur in the Senate amendment.

The motion was agreed to.

QUARTERLY MONEY-ORDER ACCOUNTS BY THIRD AND FOURTH CLASS POSTMASTERS

Mr. SPROUL of Illinois. Mr. Speaker, I call up the bill (H. R. 4441) an act to provide for quarterly money-order accounts to be rendered by district postmasters at third and fourth class post offices, with Senate amendments.

The Senate amendments were read.

Mr. SPROUL of Illinois. Mr. Speaker, I move to concur in the Senate amendments.

The Senate amendments were agreed to.

THE LONGWORTH HEIR

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. GARRETT of Tennessee. Mr. Speaker, the news has come to this Chamber that a daughter has been born to the majority leader and Mrs. Longworth. [Applause.] I am sure that the Members of the House will join enthusiastically in extending congratulations to the father and the mother, and wishing this daughter of such distinguished lineage a happy, fine, and glorious life. [Applause.]

Mr. UPSHAW. Mr. Speaker, I rise to add my congratulations to what has just been so beautifully said by the minority leader and to further say that if the congested condition of legislation in these closing days of Congress did not almost prohibit I think it would be a proper recognition of this happy event to declare, like the hero of Ticonderoga, "in the name of the Continental Congress and the Lord God Almighty" and also in the name of Theodore Roosevelt Longworth, or Nicholas Longworth, jr. [great laughter], that this Congress should adjourn for the day.

A MEMBER. It is a girl. [Great laughter.]

Mr. UPSHAW. The laugh is on me, but I had just entered, as the gentleman from Tennessee referred to "the happy event," and I jumped at the conclusion just expressed. Suppose we call her Princess Alice Roosevelt Longworth and adjourn two days instead of one. [Laughter.]

FEES FOR GRAZING LIVESTOCK ON NATIONAL FORESTS

The SPEAKER laid before the House the following communication from the Senate:

IN THE SENATE OF THE UNITED STATES,
February 3 (calendar day, February 13), 1925.

Ordered, That the House of Representatives be requested to return to the Senate the bill S. 2424, entitled "An act to reduce the fees for grazing livestock on national forests."

Attest:

GEORGE A. SANDERSON, Secretary.

The SPEAKER. Without objection, the order will be complied with.

There was no objection.

THE CHINA TRADE ACT

Mr. GRAHAM. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7190) to amend the China trade act of 1922.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. TILSON in the chair.

The CHAIRMAN. When the committee rose the time remaining to the gentleman from Pennsylvania was 10 minutes and to the gentleman from Texas 20 minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, if the gentleman from Missouri [Mr. DYER] yesterday had known that the chairman of the Committee on Rules was going to call up his China trade bill under special rule on Friday the 13th he would much have preferred it to have died a natural death than by hoodoo disaster.

The number 13 has figured largely in the legislative career of our friend from Missouri. You remember that in the Sixty-sixth Congress he had one very famous bill, H. R. 13, that never became the law—

Mr. DYER. Mr. Chairman, I make the point of order that the gentleman is not talking to the bill pending before the House, as provided in the rules.

Mr. BLANTON. I am just now getting down to it.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. Since that day his famous bill, numbered 13, has met with disaster, for he has not been able to get a favorable consideration of same by this Congress.

Here is the present question: This bill is class legislation. This bill seeks to exempt certain corporations from taxes. This bill discriminates against corporations that may be organized in the State of Missouri, or in the State of Pennsylvania, or in the State of New York, or in the State of Texas, or in any of the States. Why? To benefit a few big corporations now doing business in China. This matter was debated fully yesterday before the rule came to a vote, and on the rule, with the chairman of Rules here sponsoring it, with the prestige of his committee and his position behind it, the Members of this House sat here in their seats and heard the arguments, and when it came to a rising vote they voted 96 against the rule and only 71 for the rule. Then to get a position further on the floor of the House the roll had to be called, the absentees came in, and not knowing what they were voting on, voted blindly, in the dark, and naturally by a small majority, they beat us and were able to take this bill up. There ought to be a quorum here now to know about the provisions of this bill, and I predict that if the membership of the House knew all about it they would not pass the bill.

I am sorry that I have to disagree with the chairman of the Committee on the Judiciary [Mr. GRAHAM] so frequently. Personally I admire him and I appreciate him as a big strong man in this House, but I can not go with him on bills of this character; I can not go with him on class legislation of this character. Without taking up further time of the House, I hope that the House will vote down this bill.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, I ask your attention while I state as well as I can my views of this legislation. It is a very important piece of legislation. It deals with a matter that every American citizen must recognize as being an important matter, namely, the development of American trade in China. As nearly as I can, in my time, I am going to make a somewhat comprehensive statement with regard to this whole proposition. It is very difficult to understand a matter of this sort when you have to get your information from those who are interested in the legislation where the locus of the thing is across the Pacific Ocean.

American enterprise engaged in an effort to capture business in China is confronted with a very great difficulty here, arising out of the policy of Great Britain and other nations in the method in which they deal with those who are undertaking to establish business in that country. We may as well recognize that fact first as last. When this matter was first presented to our committee the chief point urged was that it was impossible to get native Chinese citizens to put their money in a corporation, where the corporation has to pay an American tax, which indirectly taxed them. I recognized the force of that, and was willing to entirely eliminate the tax on the corporation proportionate to the holdings of the Chinese citizen. Then it was claimed that an American citizen living in China who had an opportunity under the British law to invest in a British corporation would not be required, if they proceeded in that direction, to pay a share of corporation tax on their proportionate holdings in the corporation. I distinguish between the earnings of the corporation and the payment of the tax on the dividends received by the individual stockholders. So, with a good deal of reluctance, I finally consented in my own mind to exempt them as to corporation taxes. We are now confronted with this additional proposition in the bill as it is now presented to the House, to exempt from corporation tax American capital invested in these corporations where the American is a resident of America or elsewhere. Here is what I am afraid of: I am afraid that big corporations in America or individual concerns engaged in manufacturing commodities sold in China, for instance, will organize subsidiary corporations, possibly owned by the corporation itself. A group of people on the inside, and, to use an expression in our country, could "milk" the American corporation—sell upon advantageous terms to their subsidiary corporations in China and escape the necessity of paying the corporation tax in America. That is my opposition to this feature of this bill.

Mr. WATKINS. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. To a very brief question.

Mr. WATKINS. If that evil should arise which the gentleman thinks may under this bill, the Congress could meet it when it does arise, could it not?

Mr. SUMNERS of Texas. Yes; that is true, but I see that evil on the horizon.

Mr. SNYDER. And that evil is difficult to ascertain, is it not?

Mr. SUMNERS of Texas. I understand the difficulty, and as I stated to the gentlemen of the committee, I had great hesitancy in coming to the conclusion that we could take the chance of exempting an American resident in China, because I see the opportunity to have people in China who really in fact are merely agents of people in America incorporate under the China trade act. I understood that difficulty, and I was willing to take that chance, but I am not willing to take the chance of exempting that share of the corporate tax represented by the money of Americans resident in America.

There has been a good deal of difficulty about understanding this bill. Some gentlemen who came to me to explain it in my judgment either have not been candid or they have not been informed. They have made statements to me which I have checked up, and which do not prove to be the fact. I may be unduly suspicious about this legislation, but I owe a duty to my colleagues on the floor of the House, and I am trying now to discharge it. I do not want to underestimate the value to American trade of having men resident in China who are so related to native capital that they can bring the native Chinaman into the corporation with them, into copartnership with them. I understand the value of that, and I would like to see that carried out. Gentlemen ought not to underestimate the value of that. I have indicated how far I have been willing to go.

There is another objection to this bill. Under the law as it is to-day we provide that the stock in these corporations must be sold at 100 cents on the dollar, and we stop there. There is an amendment proposed in this bill which, taken in connection with another provision in the bill, would open up this proposition to all sorts of stock-selling schemes, in my judgment.

In other words, somebody engaged—

Mr. GRAHAM. Will the gentleman yield?

Mr. SUMNERS of Texas. In other words, somebody engaged in selling stock in one of these corporations could get out an attractive prospectus and go out and sell stock for 150 cents on the dollar and put the 50 cents in his pocket. Now I yield to the gentleman from Pennsylvania.

Mr. GRAHAM. No less than par was directed to be put into this bill for this purpose, that when a corporation has a capital and surplus and issued new stock it would be sold above par, and the only limitation is that no stock can be sold at less than par, and no stock can be issued unless par is paid into the treasury.

Mr. SUMNERS of Texas. There is another provision in this bill. The law as it now stands requires that 25 per cent must be subscribed and paid in to the agent who acts as custodian before the Government takes the initial step before granting the charter. I understand the reason urged in this bill is that the distance from China to Washington is so great that only subscription should be required, and that sufficient safeguard is provided by the requirement with reference to the delivery of the charter. Now I hesitate, I have always hesitated, as a member of the Committee on the Judiciary to undertake to deal with revenue legislation. We are not equipped to do that sort of thing. We do not understand those questions. Every session of Congress we have these suggestions for amendments here and there.

I have tried to make a plain statement as to my attitude and the reasons therefor. In the time remaining I will yield to anyone who desires to propound any question.

Mr. DOWELL. Will the gentleman yield?

Mr. SUMNERS of Texas. I do.

Mr. DOWELL. At the bottom of page 7, the last paragraph in the bill—I have not read the language in this, but I am making the inquiry as to what—

Mr. SUMNERS of Texas. The chairman of the Committee on the Judiciary will agree to amend that so as to save the gentleman pursuing the question further, but I am not going to agree myself as one member of this committee to any provision dealing with revenue and taxes. That responsibility does not belong to the Judiciary Committee. It does not properly understand that subject. That belongs to the Ways and Means Committee.

Mr. DOWELL. May I ask one other question? Is this to be amended or stricken out?

Mr. GRAHAM. I stated yesterday that section 29 was to be stricken out and an amendment made as follows:

Hereafter no corporation for the purpose of engaging in business with China shall be created under any law of the United States other than the China trade act.

Mr. SUMNERS of Texas. I am sorry I can not yield further.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. BLACK of Texas. The question I wanted to ask was if we start out exempting American capital invested abroad, will not we encourage taking the capital out of the United States? I do not want to hamper business or prevent investment, but—

Mr. SUMNERS of Texas. I will say to my colleague I had difficulty with that proposition, but finally I came to the conclusion that if an American citizen would go to China and in China should enlist the aid and cooperation of Chinese capital, as does England and other great competitors of ours in international trade, I was willing to take that chance. I am willing to go to the point of exempting their share of the corporation tax. Oh, I know they talk about double taxation. I asked gentlemen who came before our committee if they would agree to a comprehensive, clear-cut legislative enactment to the effect that an American citizen resident in America should pay the same tax and have the same benefits and no more if invested in Chinese corporations as if invested in American corporations, but they were unwilling to accept it. They can talk about double taxation, but those who represented those interests are not willing to accept those terms. Are there any further questions, as I do not want to take up unnecessary time?

Mr. DYER. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. DYER. The gentleman knows—of course, he does not want the House to understand differently—there is a law, the China trade act, which this bill is only for the purpose of amending or, in other words, trying to correct?

Mr. SUMNERS of Texas. I understand that. Everybody understands that.

Mr. DYER. And the gentleman knows—

Mr. SUMNERS of Texas. Please ask me the question; do not tell me what I know.

Mr. DYER. Is it not a fact that the revenue part of this bill was submitted to the Committee on Ways and Means in the Sixty-sixth and the present Congress, and they are the ones that prepared the provision?

Mr. SUMNERS of Texas. I want the Committee on Ways and Means, the revenue committee of the House, on their own responsibility, to come into this House in regard to their propositions as to revenue.

Mr. RAMSEYER. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. RAMSEYER. Do I understand that under this amendment an American who invests \$100,000 in this corporation and receives a dividend of \$6,000, paid to him in America, would not be exempt? That is, this \$6,000 would not be exempt?

Mr. SUMNERS of Texas. No. The percentage of the corporate tax represented by the \$100,000 would not be paid into the Treasury.

Mr. RAMSEYER. Just that part?

Mr. SUMNERS of Texas. Yes; that is all.

Mr. GRAHAM. Mr. Chairman, I yield two minutes to the gentleman from California [Mr. MacLAFFERTY].

The CHAIRMAN. The gentleman from California is recognized for two minutes.

Mr. MacLAFFERTY. Mr. Chairman and gentlemen, it has already been stated, and it is entirely true, that there is not a man in this House who is not anxious for the furtherance of our foreign trade. It has been my lot to be in China, doing business as an American. I want you gentlemen to have a simple statement from me that will require but two minutes.

Let us not lose sight of the main point on account of theories and unfounded fears. If we make a slight mistake here to-day in the adoption of this amendment, it can be corrected. But I want to tell you that about 10,000 miles to the westward of where we are now there are hundreds of American business men who are trying to build up the outposts of our business in the Orient, who are eagerly waiting for this action, which I hope we will take to-day. And I want you also to remember that if we do not remove the restrictions against our nationals who are trying to do business in China you will give an advantage to the great foreign houses of Great Britain, Belgium, France, Germany, and other countries. I have been in the environment there, and I know whereof I speak; and I say to you, gentlemen, that there is no attempt here, by seeking the

adoption of this amendment, to put anything over. Let us help our fellows who are trying to build up our business abroad, and if we find any corporation is abusing the relief that we give them now we can correct that, and I, for one, will be anxious to do it.

Mr. GRAHAM. Mr. Chairman, I yield three minutes to the gentleman from Oregon [Mr. WATKINS].

The CHAIRMAN. The gentleman from Oregon is recognized for three minutes.

Mr. WATKINS. Mr. Chairman and gentlemen of the committee, there is just one question involved in this matter. We now have the China trade act upon the statute books. We propose to amend it in two vital particulars, so as to give Americans the same privileges granted Englishmen. All the other amendments are of small matter, and very little contention is being raised to them.

Now, I want to explain to you the situation which this bill proposes to remedy. For example, a man owns stock in a domestic corporation; he makes, we will say, \$5,000 in dividends, on which the income tax is collected at the source; that is, the dividend is taxed 12½ per cent, which is paid into the Treasury of the United States by the corporation. That is done in the case of every domestic corporation. The man who earns that gets the balance, amounting to about \$4,375, which he reports in his income-tax return, but claims exemption on it because the tax was paid at the source. Now, what is the situation with respect to the fellow who owns the same amount of stock in a China trade act corporation? His dividend is taxed 12½ per cent; he then reports his dividend to the Treasury, and on the remainder, namely, \$4,375, he pays the normal tax. In other words, it is repetitive taxation. That is, two Americans earn the same amount of money; one tax is asked in the domestic corporation and double taxation in the China trade corporation.

That is the first amendment, and his domicile makes no difference, whether here or in China; he pays one tax, but if you leave the law as it is he pays twice. No one can object to that amendment. Now, what is the second one? You might disagree upon it, but here is the proposition: Great Britain gives her people some encouragement to go to China and develop trade in China in order that her commerce might be developed and jobs at home made more plentiful. We want the Government of the United States to do the same to the citizens of America who go over there, not to the ones who remain at home. We now say to the Chinamen over there, "You turn over your \$50,000 to us and we will see that you are not taxed on the dividend earned by the corporation." We do that for the Chinamen. Why not do it for the American citizen who goes to China and takes his family and raises his children over there? We do that much, I say, for the Chinaman. We propose to do as much for the American by this amendment. We propose to say to American citizens that any earnings you may make in a China trade act corporation shall be exempt, provided you reside in China. The purpose of the bill is to broaden the class of China trade act stockholders now exempt from individual income tax so as to include anybody, provided they are actual residents in China.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. WATKINS. I will have more to say about this as the bill is read for amendment, but I am saying to you now that this is an act that will develop trade in China; it ought to carry, because it will open up to the American farmer world markets, which in the final analysis means better prices. [Applause.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GRAHAM] has five minutes remaining. There is not time remaining on the other side.

Mr. GRAHAM. Mr. Chairman, I will say just a word or two in conclusion, and ask the attention of the Members of the House. I will state only what has been the result of careful examination and deliberation with respect to these two sections, the eleventh and twelfth sections of this bill. As to the mandatory part, relating to the corporation and how it is to be organized, we will discuss that under the five-minute rule, section by section, as it comes up.

Now, then, I wish to say to this House, as a deliberate judgment and opinion upon this bill, that there are only two changes made. One is the change made by the twelfth provision, which my distinguished and esteemed friend from Texas [Mr. SUMNERS] did not find against his reason, providing that those who dwell in China shall have this benefit for the promotion of trade and to induce them to go there and undertake and promote it. That leaves only the eleventh section.

Now, my friend from Arkansas [Mr. WINGO] stated yesterday that the Secretary of the Treasury did not approve of that.

His reference was only to the twelfth section, which has a single change in it. The word "citizen" is stricken out and the word "resident" is inserted, so that a resident in China, whether he be a Chinaman or an American, has the benefit of that provision. That is all there is to the twelfth section.

As to the eleventh section I wish to say that Mr. Mellon said:

The principle of this change is substantially the same as of the amendment which passed the House last year and had the approval of the Treasury. I know of no reason why the Treasury's position on this matter should be changed.

That is an emphatic indorsement of the eleventh section.

Now, gentlemen, what does the eleventh section do? Remember that the difficulty under which these corporations are laboring is set forth in section 216 of the internal revenue act, relating to the declaration of income. An individual is treated in this manner:

CREDITS ALLOWED INDIVIDUALS

(a) The amount received as dividends (1) from a domestic corporation other than a corporation entitled to the benefits of section 262 and other than a corporation organized under the China trade act.

Now, what does that do? It prevents a citizen, in regard to his normal tax, from getting the benefit of the credit which every stockholder in every other domestic corporation gets. That is the truth. That covers trade in other countries, and every domestic corporation is entitled to that credit in making up the statement of income. Now, what is put in this bill for the purpose of relieving against that disadvantage? There is no provision here that capital shall be exempt, not a word, and I challenge anybody to show me a thing which says that capital shall be exempt. The only thing is this, a provision that the aggregate of American capital put into one of these corporations shall be ascertained and the corporation is relieved from paying 12½ per cent, the corporation tax, upon that portion of the capital. Now, why is that done? If a dividend is given, under this act and under the old law, to residents in China and others, that 12½ per cent is declared in a special dividend to the stockholder—to you or to me, if we have stock in such a corporation. That is in lieu of the provision which deprives us of claiming a credit for stock in a domestic corporation. It is calculated that as the normal tax is 4 per cent to a certain amount and 8 per cent to another amount that this offsets that if he gets the 12 per cent special dividend back, and there is no other change in the internal revenue law from the beginning to the end in this bill but what I have called your attention to. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired, and the Clerk will report the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subdivision (a) of section 4 of the China trade act, 1922, is amended by striking out the word "Five" and inserting in lieu thereof the word "Three."

Sec. 2. That paragraph (6) of subdivision (b) of section 4 of said act is amended to read as follows:

"(6) The names and addresses of at least three individuals (a majority of whom, at the time of designation and during their term of office, shall be citizens of the United States), to be designated by the incorporators, who shall serve as temporary directors; and"

Mr. WINGO. Mr. Chairman, I move to strike out the last word. The trouble, Mr. Chairman, with this bill is not so much what the bill contains but the confusion that exists in the minds of the committee as to what it contains. My friend from Oregon [Mr. WATKINS] has been misled also. He and the gentleman from Pennsylvania [Mr. GRAHAM] have put up straw men and knocked them down, but nobody has raised the issues they discuss. You say, "What has that to do with the three? Why change it from five to three?" Let me show you the real reason for that. You have got to have at least two of them citizens of the United States. Now, a citizen of the United States has a legal domicile somewhere in the United States. So that you can get the effect of that on the tax exemption which comes on capital—and I reiterate to the gentleman from Pennsylvania that this does exempt capital. It lays down a formula by which a certain part shall be exempted, and under this provision and the changes you make in the law it will work out to a mathematical 100 per cent in most cases.

Mr. WATKINS. Will the gentleman yield?

Mr. WINGO. Yes.

Mr. WATKINS. Does not the law of every State in the Union provide that three or more individuals can incorporate? And that is what this is doing—allowing three or more, instead of five or more to incorporate; and as far as that provision goes that is the meat of the whole matter.

Mr. WINGO. The trouble with my friend is—and it is my fault and not his—that he has not caught what I am talking about. There is no particular importance in the numerals 3, 5, or anything else. I am trying to show the gentleman he does not know what the present law does or what is intended by this bill. Did not the gentleman stand up here and say that if a man goes over to China, a citizen of the United States, and resides there he ought to have the same exemption and the same credit on his individual return that a stockholder living in the United States gets on his domestic corporation? Was not that the gentleman's contention?

Mr. WATKINS. No.

Mr. WINGO. What is the gentleman's contention?

Mr. WATKINS. I said that the United States Government should give to its citizens who will go there, reside there, and who develop our commerce and our trade, the same rights and benefits that it gives a Chinaman who lives there and turns over his money to us to use as capital to develop our trade.

Mr. WINGO. A citizen now of the United States who resides there has that exemption. This bill does not change that. The chairman of the committee stated correctly that one of the two principal changes you make is to change the word "citizen" to "resident." It is now limited to a citizen of the United States that resides in China. The gentleman proposes by this bill to make it apply to any person who resides in China, even though he be not a citizen of the United States.

Mr. GRAHAM. Will the gentleman yield?

Mr. WINGO. I yield.

Mr. GRAHAM. I read from the revenue act, section 216, these words:

Credits allowed individuals: (a) The amount received as dividends, except other than corporations organized under the China trade act.

How is the American investor relieved from that, except by the plan proposed in section 11? He is not relieved from that and that stays the law, and he is bound to give his report and include his dividends received from China to-day, and the only thing he gets exempted is the 12½ per cent dividends on the amount of stock exempted from the 12½ per cent tax.

Mr. WINGO. Gentlemen, this is a practical illustration of the confusion. [Laughter.] I was discussing one proposition, and the chairman of the committee gets up here and interrupts me and vehemently attacks me for taking a position on another question that I had not even discussed. I intended to develop the proposition of the effect on the incorporators of the corporation tax, but I will meet my friend on his proposition, because I think his very suggestion was prompted by the suggestion of the gentleman from Oregon [Mr. WATKINS], who was confused by his own argument.

Mr. GRAHAM. Never mind its origin; answer it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. GRAHAM. Mr. Chairman, I want to give notice I am going to object to extensions of time. I will not do so in this case, because I helped to consume the gentleman's time and I want to be fair to the gentleman, but we have got to get through with this bill some time to-day.

Mr. WINGO. I will put the gentleman on notice now that this bill is going to be debated to the extent necessary to be understood. [Applause.]

Mr. GRAHAM. I hope somebody will debate it who knows what it provides. [Applause.]

Mr. WINGO. The gentleman does not, and I can prove by the gentleman's own statement in the Record yesterday that he does not even know what the law is now, because he stated, on page 3689 of the Record of yesterday, that this bill proposed to do what? I read from the remarks of the gentleman from Pennsylvania [Mr. GRAHAM] yesterday:

And it provides further that, so far as the taxing power is concerned, in order to put our corporations on an equality with the corporations that are its competitors, in China, there shall be counted all stocks held by citizens of the United States or citizens of China, and the aggregate of that stock shall be deducted in figuring the payment of 12½ per cent tax on the corporation.

In other words, the gentleman says this bill will allow you to count the stock owned by citizens of the United States or citizens of China.

Why, gentlemen, that is what the law does now, and I am going to read you the law. I have it right here. I am reading from page 8 of the China trade act: "By individual citizens of the United States or China resident in China." Thus it appears the gentleman was either not candid or does not know what the bill provides.

Now, what does this propose to do? It proposes to substitute for the word "citizen" in the present law the word "resident." The basis for exemption of your capital from taxation is now citizenship under the present law. The crux of the whole matter is that your present law exempts a citizen who is resident in China. This bill proposes to exempt not citizens but residents, of what? You will remember I asked the gentleman that yesterday, and because I differ from the gentleman he thinks I am discourteous and gets discourteous himself. I am trying to point out, as I have proven by his own statement, that the gentleman himself is confused or else is not candid. Look at the bottom of page 5 of the bill. Who are the exempted classes there? "Persons resident in China"—not citizens—"the United States, or possessions of the United States, and individual citizens of the United States or China wherever resident."

That is the change you propose to make.

Mr. GRAHAM. Does not the gentleman understand that that language does not refer to the exemption at all? That only refers to the class of stockholders who shall be counted in getting the aggregate of capital that is to be relieved from the 12½ per cent tax.

Mr. WINGO. Why, certainly; and if the gentleman will permit, that is what I am discussing. The gentleman tried to get me away from that and get me off on the personal-tax matter.

Mr. GRAHAM. The gentleman quotes that as the qualification for exemption, when it is not.

Mr. WINGO. It is the test on the capital exemption. In other words, I read what you said yesterday that the stock credits that should be made for the 12½ per cent capital exemptions were what? You stated that by this bill you made the deduction on the stock that was owned by citizens of the United States, and I prove by your present law that that is done now; and in this bill, in making the deductions, in figuring the 12½ per cent corporation tax, you do take that into consideration and add other exceptions. If the Members will turn to page 5 of the bill, at the bottom of the page, when you are figuring the deduction to be made on stock, this is the language:

That for the purpose only of the tax imposed by section 230 there shall be allowed, in the case of a corporation organized under the China trade act, 1922, a credit of an amount equal to—

Equal to what?—

to the proportion of the net income derived from sources within China—determined in a similar manner to that provided in section 217—which the par value of the shares of stock of the corporation owned—

Owned by whom?—

(1) Persons resident in China, the United States, or possessions of the United States; and (2) individual citizens of the United States or China wherever resident.

Thus it will be seen that I did know what the bill does, and the gentleman did not or was not candid.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired. The pro forma amendment will be withdrawn, and the Clerk will read.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The committee informally rose; and Mr. COLTON having taken the chair as Speaker pro tempore, a message in writing was received from the President of the United States by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved bills of the following titles:

On January 31, 1925:

H. R. 8308. An act authorizing the Coast and Geodetic Survey to make seismological investigations, and for other purposes;

H. R. 10947. An act granting the consent of Congress to the county of Allegheny, Pa., to construct a bridge across the Monongahela River in the city of Pittsburgh, Pa.;

H. R. 11168. An act granting the consent of Congress to S. M. McAdams, of Iva, Anderson County, S. C., to construct a bridge across the Savannah River; and

H. R. 10152. An act granting the consent of Congress to the Huntley-Richardson Lumber Co., a corporation of the State of South Carolina, doing business in the said State, to construct a railroad bridge across Bull Creek at or near Eddy Lake, in the State of South Carolina.

On February 2, 1925:

H. R. 7064. An act to encourage commercial aviation and to authorize the Postmaster General to contract for air mail service.

On February 5, 1925:

H. R. 3132. An act for the relief of the William J. Oliver Manufacturing Co. and William J. Oliver, of Knoxville, Tenn.

On February 6, 1925:

H. R. 6303. An act to authorize the Governor and Commissioner of Public Lands of the Territory of Hawaii to issue patents to certain persons who purchased Government lots in the district of Waiakea, island of Hawaii, in accordance with act 33, session laws of 1915, Legislature of Hawaii;

H. R. 7399. An act to amend section 4 of the act entitled "An act to incorporate the National Society of the Sons of the American Revolution," approved June 9, 1906; and

H. R. 9138. An act to authorize the discontinuance of the seven-year regauge of distilled spirits in bonded warehouses, and for other purposes.

On February 6, 1925:

H. R. 11501. An act for the exchange of land in El Dorado, Ark.

On February 7, 1925:

H. R. 2313. An act authorizing the issuance of a patent to William Brown;

H. R. 3913. An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States;

H. R. 5423. An act to amend section 2 of the act of August 1, 1888 (25 Stat. L. p. 357);

H. R. 6660. An act for the relief of Picton Steamship Co. (Ltd.), owner of the British steamship *Picton*;

H. R. 9162. An act to amend section 128 of the Judicial Code, relating to appeals in admiralty cases;

H. R. 9380. An act granting the consent of Congress to Board of County Commissioners of Aitkin County, Minn., to construct a bridge across the Mississippi River;

H. R. 9827. An act to extend the time for the construction of a bridge across the Rock River, in the State of Illinois;

H. R. 10030. An act granting the consent of Congress to the Harrisburg Bridge Co., and its successors, to reconstruct its bridge across the Susquehanna River, at a point opposite Market Street, Harrisburg, Pa.;

H. R. 10150. An act to revive and reenact the act entitled "An act to authorize the construction of a bridge across the Tennessee River at or near the city of Decatur, Ala.," approved November 19, 1919;

H. R. 10645. An act granting consent of Congress to the Valley Bridge Co. for construction of a bridge across the Rio Grande near Hidalgo, Tex.;

H. R. 10688. An act granting the consent of Congress to the State of North Dakota to construct a bridge across the Missouri River between Williams County and McKenzie County, N. Dak.;

H. R. 10689. An act granting the consent of Congress to the State of North Dakota to construct a bridge across the Missouri River between Mountrail County and McKenzie County, N. Dak.;

H. R. 11036. An act extending the time for the construction of the bridge across the Mississippi River in Ramsey and Hennepin Counties, Minn., by the Chicago, Milwaukee & St. Paul Railway Co.

On February 9, 1925:

H. R. 26. An act to compensate the Chippewa Indians of Minnesota for lands disposed of under the provisions of the free homestead act;

H. R. 1326. An act for the relief of Clara T. Black;

H. R. 1717. An act authorizing the payment of an amount equal to six months' pay to Joseph J. Martin;

H. R. 1860. An act for the relief of Fanny M. Higgins;

H. R. 2258. An act for the relief of James J. McAllister;

H. R. 2806. An act for the relief of Emil L. Flaten;

H. R. 2811. An act to amend section 7 of the act of February 6, 1909, entitled "An act authorizing the sale of land at the head of Cordova Bay in the Territory of Alaska, and for other purposes";

H. R. 2977. An act for the relief of H. E. Kuca and V. J. Koupal;

H. R. 3348. An act authorizing the Secretary of the Treasury to pay a certain claim as the result of damage sustained to the marine railway of the Greenport Basin & Construction Co.;

H. R. 3387. An act authorizing repayment of excess amount paid by purchasers of certain lots in the town site of Sanish, formerly Fort Berthold, Indian Reservation, N. Dak.;

H. R. 3411. An act for the relief of Mrs. John T. Hopkins;

H. R. 3595. An act for the relief of Daniel F. Healy;

H. R. 4280. An act for the relief of the Chamber of Commerce of the City of Northampton, Mass.;

H. R. 4290. An act for the relief of W. F. Payne;

H. R. 4374. An act for the relief of the American Surety Co. of New York;

H. R. 4461. An act to provide for the payment of certain claims against the Chippewa Indians of Minnesota;

H. R. 5096. An act to authorize the incorporated town of Sitka, Alaska, to issue bonds in any sum not exceeding \$25,000 for the purpose of constructing a public-school building in the town of Sitka, Alaska;

H. R. 5448. An act for the relief of Clifford W. Seibel and Frank A. Vestal;

H. R. 5752. An act for the relief of George A. Petrie;

H. R. 5762. An act for the relief of Julius Jonas;

H. R. 5774. An act for the relief of Beatrice J. Kettlewell;

H. R. 5819. An act for the relief of the estate of the late Capt. D. H. Tribou, chaplain, United States Navy;

H. R. 5907. An act for the relief of Grace Buxton;

H. R. 6328. An act for the relief of Charles F. Peirce, Frank T. Mann, and Mollie V. Gaither;

H. R. 6755. An act granting six months' pay to Maude Morrow Fechteler;

H. R. 7239. An act authorizing the Secretary of the Interior to pay certain funds to various Wisconsin Pottawatomie Indians;

H. R. 7249. An act for the relief of Forrest J. Kramer;

H. R. 7918. An act to diminish the number of appraisers at the port of Baltimore, and for other purposes;

H. R. 8086. An act to amend the act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1915," approved August 1, 1914;

H. R. 8258. An act for the relief of Capt. Frank Geere;

H. R. 8329. An act for the relief of Albert S. Matlock;

H. R. 8727. An act for the relief of Roger Sherman Hoar;

H. R. 8893. An act for the relief of Juana F. Gamboa;

H. R. 8965. An act for the relief of the Omaha Indians of Nebraska; and

H. R. 11956. An act to amend the act entitled "An act making appropriations to supply urgent deficiencies in the appropriations for the fiscal year ending June 30, 1909," approved February 9, 1909.

On February 10, 1925:

H. R. 9461. An act for the relief of Lieut. Richard Evelyn Byrd, jr., United States Navy;

H. R. 10404. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1926, and for other purposes; and

H. R. 6070. An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the district of Hamakua, on the island and county of Hawaii, Territory of Hawaii.

On February 11, 1925:

H. R. 3669. An act to provide for the inspection of the battle fields of the siege of Petersburg, Va.;

H. R. 4294. An act for the relief of heirs of Casimira Mendoza;

H. R. 5420. An act to provide fees to be charged by clerks of the district courts of the United States;

H. R. 5558. An act to authorize the incorporated town of Juneau, Alaska, to issue bonds in any sum not exceeding \$60,000 for the purpose of improving the sewerage system of the town;

H. R. 8263. An act to authorize the General Accounting Office to pay to certain supply officers of the regular Navy and Naval Reserve Force the pay and allowances of their ranks for services performed prior to the approval of their bonds;

H. R. 8369. An act to extend the period in which relief may be granted accountable officers of the War and Navy Departments, and for other purposes;

H. R. 10528. An act to refund taxes paid on distilled spirits in certain cases;

H. R. 10724. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1926, and for other purposes; and

H. R. 11282. An act to authorize an increase in the limits of cost of certain naval vessels.

On February 12, 1925:

H. R. 466. An act to amend section 90 of the Judicial Code of the United States, approved March 3, 1911, so as to change the time of holding certain terms of the District Court of Mississippi;

H. R. 646. An act to make valid and enforceable written provisions or agreements for arbitration of disputes arising out of contracts, maritime transactions, or commerce among the States or Territories or with foreign nations;

H. R. 2694. An act authorizing certain Indian tribes, or any of them residing in the State of Washington, to submit to the Court of Claims certain claims growing out of treaties or otherwise;

H. R. 2958. An act for the relief of Isaac J. Reese;

H. R. 4971. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes;

H. R. 6860. An act to authorize each of the judges of the United States District Court for the District of Hawaii to hold sessions of the said court separately at the same time;

H. R. 7144. An act to relinquish to the city of Battle Creek, Mich., all right, title, and interest of the United States in two unsurveyed islands in the Kalamazoo River;

H. R. 11248. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1926, and for other purposes;

H. R. 10413. An act to revive and reenact the act entitled "An act granting the consent of Congress to the county of Allegheny, Pa., to construct, maintain, and operate a bridge across the Monongahela River at or near the borough of Wilson, in the county of Allegheny, in the Commonwealth of Pennsylvania," approved February 27, 1919;

H. R. 10887. A act granting the consent of Congress to the State of Alabama to construct a bridge across the Coosa River at Gadsden, Etowah County, Ala.; and

H. R. 11035. An act granting the consent of Congress to the county of Allegheny and the county of Westmoreland, two of the counties of the State of Pennsylvania, jointly to construct, maintain, and operate a bridge across the Allegheny River at a point approximately 19.1 miles above the mouth of the river in the counties of Allegheny and Westmoreland, in the State of Pennsylvania.

On February 13, 1925:

H. R. 8206. An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes;

H. R. 8550. An act to authorize the appointment of a commission to select such of the Patent Office models for retention as are deemed to be of value and historical interest, and to dispose of said models, and for other purposes; and

H. R. 11367. An act granting the consent of Congress to the county of Allegheny, in the Commonwealth of Pennsylvania, to construct, maintain, and operate a bridge across the Monongahela River at or near its junction with the Allegheny River in the city of Pittsburgh, in the county of Allegheny, in the Commonwealth of Pennsylvania.

CHINA TRADE ACT

The committee resumed its session.

The Clerk read as follows:

SEC. 4. That subdivision (c) of section 4 of said act is amended to read as follows:

"(c) A China trade act corporation shall not engage in the business of discounting bills, notes, or other evidences of debt, of receiving deposits, of buying and selling bills of exchange, or of issuing bills, notes, or other evidences of debt, for circulation as money; nor engage in any other form of banking business; nor engage in any form of insurance business; nor engage in, nor be formed to engage in, the business of owning or operating any vessel, unless the controlling interest in such corporation is owned by citizens of the United States, within the meaning of section 2 of the shipping act, 1916, as amended."

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, I want to state the changes that are incorporated here, that have to do with owning and operating ships. I would like to ask the gentleman in charge of the bill—I should have done it sooner, but it did not occur to me—why that amendment is proposed.

Mr. GRAHAM. The only part of the section that has just been read that is new is the last paragraph as to owning and operating vessels.

nor engage in, nor be formed to engage in, the business of owning or operating any vessel, unless the controlling interest in such corporation is owned by citizens of the United States, within the meaning of section 2 of the shipping act, 1916, as amended.

Mr. SUMNERS of Texas. Gentlemen of the committee, I think we may as well understand what this means. It means that American citizens living in the United States under this act can organize themselves into a corporation under this act and operate as many ships as they want to and pay no corporate taxes to the United States. I think that is what it means.

Mr. GRAHAM. No; it does not, it is to put them on the same footing with other vessels operated under the laws of the United States.

Mr. SUMNERS of Texas. No; it is blanketed in under the China trade act, which does in specific terms exempt from corporate tax every share of the stock in that corporation owned by Chinamen, American citizens resident in China, or American citizens residents of the United States. That is a pretty far-reaching provision.

Mr. DYER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DYER. The gentleman understands that the law permits the organization of corporations under the China trade law, and the amendment is only to provide that these corporations must comply with the laws of this country with reference to registration, and so forth.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. I ask for five minutes more.

The CHAIRMAN. The gentleman from Texas asks that his time may be extended for five minutes. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. For the purpose of getting this clarified—

Mr. WEFALD. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. WEFALD. What the gentleman has stated will practically amount to a ship subsidy?

Mr. SUMNERS of Texas. It will amount to what it does amount to in plain language. If the gentleman in charge of this bill can show me that this is restrictive language, I should be glad for him to do so. I have not heard any demand anywhere from anybody advocating the China trade act or amendments thereto for a restriction on the powers granted in the original bill.

Mr. GRAHAM. Let me read to the gentleman the only language in this section that is new:

Nor engaging in nor be formed to engage in, the business of owning or operating any vessel, unless the controlling interest in such corporation is owned by citizens of the United States, within the meaning of section 2 of the shipping act, 1916, as amended.

And now I ask the gentleman, is not that a restriction requiring them to comply with the laws of the United States governing that subject? The old law is printed in the back of the report so that anybody can see what it is.

Mr. SUMNERS of Texas. If the gentleman says that under the existing law they could own ships engaged in international commerce, I would like to have the gentleman indicate the language.

Mr. DYER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DYER. I will say that under the present law there has been at least one company organized to engage in shipping, and it is for the purpose of that company as well as any other with reference to register, which is very important, that this amendment is put in the bill.

Mr. SUMNERS of Texas. If we are beginning to do that sort of thing under the China trade act, it is time that we should consider whether we have not broadened the original act too much.

Mr. GRAHAM. The original act is found in the report of the committee, and after granting power to create corporations with no other limitation than to state the particular business in which the corporation is to engage, there is also permitted these additional powers:

SEC. 6. In addition to the powers granted elsewhere in this act, a China trade act corporation—

(a) Shall have the right of succession during the existence of the corporation;

(b) May have a corporate seal and alter it at pleasure;

(c) May sue and be sued;

(d) Shall have the right to transact the business authorized by its articles of incorporation and such further business as is properly connected therewith or necessary and incidental thereto;

(e) May make contracts and incur liabilities;

(f) May acquire and hold real or personal property, necessary to effect the purpose for which it is formed, and dispose of such property when no longer needed for such purposes;

(g) May borrow money and issue its notes, coupon or registered bonds, or other evidences of debt, and secure their payment by a mortgage of its property; and

(h) May establish such branch offices at such places in China as it deems advisable.

That is the broad, comprehensive law of 1922, which is now in force, and we are putting a limitation upon it.

Mr. SUMNERS of Texas. That is the trouble with this whole business. The first thing we know they will determine that it is incidental to their business to establish manufacturing concerns over here, or to go into the growing of crops. I started in supporting this general plan, and I want to help those who go to China and engage in business there, but I am getting less enthusiastic about the whole matter.

Mr. GREEN. Mr. Chairman, I move to strike out the last two words.

I think a good deal of the difficulty that arises in the discussion of this act is caused by the fact that gentlemen overlook the provisions in the China trade act in respect to the exemption from taxes. The amount which is exempt from taxation results only from a credit allowed to the corporations engaged in that business from profits which must under the present law and this bill be "derived from sources in China." That is the only provision that really results in an exemption to the corporation from taxation.

In the particular instance which the gentleman from Texas [Mr. SUMNERS] was inquiring about a moment ago, as the chairman of the Committee on the Judiciary has well stated, the amendment in this respect adds a limitation as to the powers of the company rather than an expansion. These companies can now engage in every kind of business except as limited by the original act, which prescribes certain limitations. This limitation made no restriction as to their purchasing and operating vessels and there is no particular reason, that I can see, why they should not purchase and operate vessels. It would not increase their exemption. Any profit that resulted from the operation of vessels could not be said, in my judgment, to be "derived from sources within China." I am unable to see any objection to this provision. It is true that they might enlarge their business in that way, but there is nothing to prevent any other corporation at the present time purchasing vessels and operating them in trade between this country and China. Of course, if that corporation does so operate vessels, any profit that it makes will be subject to taxation, and this will be true as to corporations under the China trade act.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. GREEN. With pleasure.

Mr. SUMNERS of Texas. If one of these corporations should have a line of boats that plies between Chinese ports and South America, where would the profit of that business be made, the home port being China, or, suppose they went away up one of the Chinese rivers.

Mr. GREEN. I can not answer the gentleman's question directly, but I am quite clear that the profits would not be "derived from sources within China." I call the gentleman's attention to the provisions of the bill that we have before us now, page 5, section 264:

SEC. 264. (a) That for the purpose only of the tax imposed by section 230 there shall be allowed, in the case of a corporation organized under the China trade act, 1922, a credit of an amount equal to the proportion of the net income derived from sources within China—

The case that the gentleman mentions would not fall within this provision which confers benefits on the China trade corporations. They would be taxed just the same as any other person or corporation who was operating such ships. I think that is all there is to this matter.

Mr. SUMNERS of Texas. Why should not a corporation that proposes to operate a line of ships incorporate under the general laws of America if they did not propose to come in under the benefits of this act?

Mr. GREEN. The only reason that I can see is this: It would necessitate two corporations. Here we have this original corporation under the China trade act, and if the corporation operates ships—

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRAHAM. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes. Is there objection?

Mr. WINGO. Reserving the right to object, make it 10 minutes.

Mr. GRAHAM. I can not do that.

Mr. WINGO. Then I object.

Mr. WATKINS. Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Oregon asks unanimous consent that all debate upon this section and all amendments thereto close in 10 minutes. Is there objection?

There was no objection.

Mr. GREEN. Mr. Chairman, as I was about to state in answer to the inquiry of my friend from Texas, if they were obliged to incorporate under the general laws, it would necessitate two incorporations—two separate companies—and that it seems to me would be detrimental to the operation of their business. I can see no reason why they should be so required to incorporate as long as they will have to pay taxes on all business that is not derived from sources within China. That states the whole matter as it appears to me, and I think ought to be a sufficient answer.

Mr. SUMNERS of Texas. If their main business is in China and they do this thing merely as an incident to carrying on their main business in China, is it then the view of the gentleman that they would have to pay taxes on the profits they made in their incidental enterprises?

Mr. GREEN. It depends upon what the gentleman calls incidental. I am very sure that they would have to pay taxes on the operation of this shipping line.

Mr. SUMNERS of Texas. The chairman of the committee has suggested that the right to operate ships arises under their incidental powers.

Mr. GREEN. Under their incidental powers?

Mr. SUMNERS of Texas. Yes; that is the statement, that that arises under their incidental powers. It is a power incidental to carrying forward the general business under the provisions of this act.

Mr. GRAHAM. I said that would be a fact, but that would not be a standard of measuring where profit and earnings were, or what the taxes would be.

Mr. GREEN. I think the chairman states it very correctly.

Mr. SUMNERS of Texas. If the gentleman will permit another inquiry. Is it the judgment of the gentleman now speaking that these China trade corporations would have to keep books which would cut a clean line of cleavage on profits they made within the territory of China as distinguished from profits made incidentally?

Mr. GREEN. I have no doubt about that. Otherwise these words in the act "Net income derived from sources within China" would not mean anything. They would have to satisfy the revenue department on that point, or the exemption would not be allowed, and the burden would be upon the corporation asking the exemption to show that it was entitled to it.

Mr. WINGO. Mr. Chairman, the committee realizes the proposition involved in the change here is specifically to authorize China trade corporations to engage in shipping—

Mr. GRAHAM. Pardon me a moment, has the gentleman read the act authorizing the incorporation?

Mr. WINGO. Yes; I agree with the gentleman—

Mr. GRAHAM. Is not this a limitation upon the powers in the original act and not a grant of power?

Mr. WINGO. If the gentleman will not take my time, so that the gentleman will follow me, I agree with the gentleman that the language he read is new language. I disagree with the proposition of law that engaging in world-wide shipping is an incidental power to a business corporation authorized by law to engage "in business within China."

Mr. GRAHAM. Will not the gentleman allow me to correct a misquotation. I did not say that a world-wide business in shipping was an incidental power. I used no such language, but I said the right to incorporate in the carrying trade of goods to China would be incidental to doing business in China.

Mr. WINGO. All right. Now, I can not agree with my friend from Iowa, who is a great lawyer, and his suggestion—probably I am in error—his suggestion that there is no limita-

tion upon the corporation as to shipping business and there is no restriction upon it in the law, and therefore they can do it. The gentleman does not mean to lay down that proposition?

Mr. GREEN. Can the gentleman point out any restriction in the act except those included in subdivision (c) of section 4 of the act?

Mr. WINGO. I am going to suggest to the gentleman, good lawyer as he may be, that when the Congress grants a charter to a corporation and grants power it has no powers other than that directly granted it or that are necessary in the conduct of its business and by necessary implication. Why, that is the rule from time immemorial according to my understanding; maybe I am in error.

Mr. GREEN rose.

Mr. WINGO. I can not yield because I have been restricted in time. I have started two or three times—

Mr. GREEN. The gentleman is entirely correct in his last statement.

Mr. WINGO. Let us see. I will go back to the original act. Is not the granting of power to establish branches the only language that gives additional power in section read by the chairman? All the rest is implied in the law; that in relation to branches is the only thing that gives power, all the rest might have been wiped out. Is it incidental power to a corporation authorized to do business within China to engage in world-wide shipping? No; it is not. Gentlemen, you know it is not. It is far-fetched. The situation now is it is proposed by this bill specifically to authorize a shipping corporation to be organized under the China trade act. You specifically authorize them. They do not have to be really engaged right directly in business in the China towns, but according to this statement here, if they engage in the business over there affecting China—that is, in China—what happens when you compute the 12½ per cent? You allow that corporation credit for what? For the stock owned by the citizen of the United States resident in China? Oh, no. That is the present law. They go further and authorize you to say, "A proportionate deduction in arriving at the 12½ per cent on corporations owned by residents in China not citizens of the United States, or residents in the United States, or its possessions, and also by citizens of the United States wherever resident." You can exempt the merchants who go to China and try to open up trade there. That makes an appeal which is strong; but you can not justify, gentlemen, granting an indirect subsidy to a shipping concern by authorizing them to organize under the China trade act.

The CHAIRMAN. The time of the gentleman has expired. The Clerk will read.

The Clerk read as follows:

SEC. 5. That section 4 of said act is amended by adding thereto the following new subdivision:

"(d) A China trade act corporation shall not engage in any business until at least 25 per cent of its authorized capital stock has been paid in in cash, or, in accordance with the provisions of section 8, in real or personal property which has been placed in the custody of the directors, and such corporation has filed a statement to this effect, under oath, with the registrar within six months after the issuance of its certificate of incorporation, except that the registrar may grant additional time for the filing of such statement upon application made prior to the expiration of such six months. If any such corporation transacts business in violation of this subdivision or fails to file such statement within six months, or within such time as the registrar prescribes upon such application, the registrar shall institute proceedings under section 14 for the revocation of the certificate."

With a committee amendment, as follows:

On page 2, line 23, strike out the word "A" and insert "No certificate of a corporation shall be delivered to a," and in line 22, after the word "corporation," strike out "shall not engage in any business" and insert in lieu thereof "and no incorporation shall be complete."

The CHAIRMAN (Mr. DOWELL). The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 8. Subdivision (b) of section 9 of such act is amended to read as follows:

"(b) The number, qualifications, and manner of choosing and fixing the tenure of office and compensation of all directors; but the number of such directors shall be not less than three, and a majority of the directors, and the president and the treasurer, or each officer holding a corresponding office, shall, during their tenure of office, be citizens of the United States."

With a committee amendment, as follows:

Page 4, line 16, after the word "States" insert "resident in China."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 11. That subdivisions (a) and (b) of section 264 of the revenue act of 1921, added to said act by section 21 of the China trade act, 1922, are amended to read as follows:

"Sec. 264. (a) That for the purpose only of the tax imposed by section 230 there shall be allowed, in the case of a corporation organized under the China trade act, 1922, a credit of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in sec. 217) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date: *Provided*, That in no case shall the amount by which the tax imposed by section 230 is diminished by reason of such credit exceed the amount of the special dividend certified under subdivision (b) of this section.

"(b) Such credit shall not be allowed unless the Secretary of Commerce has certified to the commissioner (1) the amount which, during the year ending on the date fixed by law for filing the return, the corporation has distributed as a special dividend to or for the benefit of such persons as on the last day of the taxable year were resident in China, the United States, or possessions of the United States, or were individual citizens of the United States or China, and owned shares of stock of the corporation; (2) that such special dividend was in addition to all other amounts, payable or to be payable to such persons or for their benefit, by reason of their interest in the corporation; and (3) that such distribution has been made to or for the benefit of such persons in proportion to the par value of the shares of stock of the corporation owned by each; except that if the corporation has more than one class of stock, the certificates shall contain a statement that the articles of incorporation provide a method for the apportionment of such special dividend among such persons, and that the amount certified has been distributed in accordance with the method so provided."

Mr. GRAHAM. Mr. Chairman, on page 5, line 13, I wish to correct a clerical error. Strike out the words from "264" to "1922" inclusive, in line 15, and insert in lieu thereof the following: "263 of the revenue act of 1924," for it would apply to that act now, not the act of 1921.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: On page 5, line 13, strike out the figures "264" and all of line 14 and line 15 up to and including the figures "1922," and insert in lieu thereof "263 of the revenue act of 1924."

Mr. WINGO. Mr. Chairman, I would like to ask the gentleman from Pennsylvania just what does the change do?

Mr. GRAHAM. We quote the 1921 revenue act, and we are now making it the 1924 act.

Mr. WINGO. In other words, it makes a more correct citation?

Mr. GRAHAM. Yes; we do not want to quote the 1921 act, because the 1924 act supersedes it.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last word.

Mr. GRAHAM. There is another amendment on that page, Mr. Chairman. Page 5, line 17, strike out "264" and insert in lieu thereof "263."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: Page 5, line 17, strike out "264" and insert in lieu thereof "263."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. SUMNERS of Texas. Mr. Chairman, I would like to have the attention of gentlemen who are interested in the passage of this bill. In one sense I will be speaking out of order, but still in reference to a provision of the bill that we

deem important. Gentlemen, while we have passed this section of the bill, I am sure we all want to fully consider what we are doing. I want to direct attention to the fact that we evidently misunderstood to a considerable degree subdivision (c) of section 4 during the discussion. I would like to have the attention of the chairman of the Committee on Ways and Means especially.

Mr. GRAHAM. To what provision does the gentleman refer?

Mr. SUMNERS of Texas. Page 2, line 14.

Mr. GRAHAM. We have passed that.

Mr. SUMNERS of Texas. I have explained that. I will be more brief if I can just get the attention of the gentleman. I want to direct attention to this language, which shows, in my judgment, that this is not an incidental business that is had in contemplation. Beginning on line 14 is this language: "Nor engage in, nor be formed to engage in, the business of owning or operating any vessel," and so forth. I wish gentlemen who are interested in the bill to take that into consideration and see what should be done about it.

Mr. GRAHAM. May I ask the gentleman this question? The language is "nor engage in, nor be formed to engage in, the business of owning or operating any vessel." That is a limitation. Unless what? Unless the majority ownership is in citizens of the United States within the meaning of section 2 of the shipping act, 1916. Now, suppose they have the power under the original act to organize these companies. Is not this language simply putting a limitation on that power, whatever it is, and saying "nor engage in that business unless the majority stock is owned by citizens of the United States and conforms to the Shipping Board act mentioned in the bill"?

Mr. SUMNERS of Texas. I am afraid I did not make myself understood. The point I am referring to is the distinction between operating under an incidental power to do business in China and the creation of a corporation to operate ships. This provision seems to deal with the creation of a corporation to operate ships and not with an incidental power.

Mr. GRAHAM. I beg the gentleman's pardon. This does not say to create a corporation; this simply says—

Nor engage in, nor be formed to engage in, the business of owning or operating any vessel, unless the controlling interest in such corporation is owned by citizens of the United States.

That is a prohibition. That means the corporation that carries on the whole business, and the bill provides that they shall not do this unless the controlling interest of such corporation is owned by citizens of the United States, and it would also include any corporation organized specifically to go into the shipping business.

Mr. WINGO. Will the gentleman from Texas yield for a question?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WINGO. Then, Mr. Chairman, I will take the floor in my own right in order to ask the gentleman from Texas a question. The chairman of the committee calls attention to the fact that there is a restriction here providing that the controlling interest shall be owned by citizens of the United States. Would not that be true if they had authority now to do it, that is, if a China trade corporation has the right now to engage in the business of shipping? The law now requires it to have the controlling interest owned by citizens of the United States, and the proposed bill provides that the controlling interest shall be owned by citizens of the United States, and if they have that incidental power under existing law then the words just read by the gentleman do not add anything by way of restriction, because that restriction is already in the law.

Mr. SUMNERS of Texas. May I say to the gentleman from Arkansas that I construe this language as being as much the law as the original China trade act. Now, what does this law do if it is adopted? It provides that no corporation shall be formed to engage in the business of owning or operating any vessel unless, and so forth.

Now, the converse of that proposition is just as clearly involved in this law, and if it is the declaration that they have the power to do this thing then they can form a corporation to engage in the business of operating ships.

Mr. WINGO. The gentleman has answered what I wanted him to answer and that is this, that those who propose this know that this is not an incidental power but is a restriction in the original law and a restriction in this act. It refers to establishing business in China and refers to business corporations doing business in China and if, under the language the gentleman has just read, they have the power to engage in

shipping, unless you put some restrictions there, it might be that foreigners could charter under this act and be called a China trade shipping corporation.

Mr. GRAHAM. It is very difficult to understand exactly the point the gentleman is referring to. The matter seems very clear to me because this provision only applies to a China trade act corporation.

Mr. WINGO. There is no doubt about that.

Mr. GRAHAM. And it simply says that a China trade act corporation which is entitled to be organized shall not engage in the business of shipping unless it conforms to the law now governing shipping and that requires that the controlling interest in such corporation shall be owned by citizens of the United States.

Mr. WINGO. Is not that the law now?

Mr. GRAHAM. No; it is not. Under the act of 1922 that is not so.

Mr. WINGO. Then they have not the incidental powers the gentleman contended for awhile ago.

Mr. GRAHAM. That power is not incidental at all; they have full power under the act of 1922 to organize any kind of a corporation, and any lawyer who reads that act will say so.

Mr. WINGO. Mr. Chairman, I will now use some of the time myself. Any lawyer will also know that we did not authorize them to organize corporations to carry on any kind of a business anywhere they please. We said they should engage in business "within China." We used the words "within China." Now, it might be that they could sail vessels "within China," but the gentleman laid down his proposition with reference to incidental powers, and read a section of the present law with reference to incidental powers. Now, if they have the incidental powers at the present time, then the restrictions contained in the existing law apply. If they do not have the incidental powers, then this bill authorizes shipping concerns and corporations to engage in the "business of shipping" and to do it under the special provisions of this act and get the special benefit of tax exemption. There is no escaping that conclusion.

Mr. GRAHAM. Of course, we are proceeding very much out of order, and I trust I may have permission to call attention to the law. I will read from the shipping law:

SEC. 2. That within the meaning of this act no corporation, partnership, or association shall be deemed a citizen of the United States unless the controlling interest therein is owned by citizens of the United States, and, in the case of a corporation, unless its president and managing directors are citizens of the United States and the corporation itself is organized under the laws of the United States or of a State, Territory, District, or possession thereof.

Mr. WINGO. That is what I stated the law was awhile ago.

Mr. GRAHAM. If the gentleman will pardon me a moment, it is simply a restriction upon the general powers conferred by Congress in 1922 requiring them to conform to the shipping law. That is all there is to it.

Mr. WINGO. We have the same restriction the gentleman has just read in the China trade act.

Mr. GRAHAM. The restriction in that law is not the same. It only requires a majority of the officers to be citizens.

Mr. WINGO. To which act is the gentleman now referring?

Mr. GRAHAM. The China trade act of 1922, from which I read:

The number, qualifications, and manner of choosing and fixing the tenure of office and compensation of all directors; but the number of such directors shall be not less than three, and a majority of the directors and a majority of the officers holding the office of president, treasurer, or secretary, or a corresponding officer, shall be citizens of the United States resident in China.

That is all there is in that act.

Mr. WINGO. There is no dispute about that. That is what I contended the law was.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 12. That paragraph (13) of subdivision (b) of section 213 of the revenue act of 1921, added to said subdivision by section 26 of the China trade act, 1922, is amended to read as follows:

"(13) In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China trade act, 1922, if, at the time of such distribution, he is a resident of China and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him."

Mr. GRAHAM. Mr. Chairman, I wish to offer a correcting amendment. On page 7, line 4, beginning with "1921," in line

4, strike out up to and through "1922" and insert in lieu thereof the figures "1924."

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: On page 7, line 4, strike out after the word "of," where it appears the second time, the remainder of line 4 and all of line 5 down to and including the figures "1922" and insert in lieu thereof the figures "1924."

The amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 7, lines 3 and 4, strike out the following language, to wit: "That paragraph 13 of subdivision (b) of section 213." With notice given that if this amendment is adopted he will move that section 13, in line 13, shall also be stricken from the bill.

Mr. BLANTON. Mr. Chairman, I do not like this paragraph No. 13, and I do not like this section 13, in line No. 13.

Mr. O'CONNELL of New York. Is the gentleman from Texas superstitious?

Mr. BLANTON. No; not personally, but on behalf of our friend from Missouri, in this particular instance, I am. We are guided in the House of Representatives in large measure by precedents, and we are naturally reminded of the fate of other legislation and other paragraphs similarly numbered.

This particular succeeding section in the bill, numbered 13, would keep a corporation organized under the laws of any State from doing business in China. The gentleman from Arkansas [Mr. Wingo] brought that out definitely yesterday when he asked the gentleman from Pennsylvania [Mr. GRAHAM] the direct question, if this section 13 would not stop a corporation organized under the laws of Pennsylvania from doing business in China, and the gentleman from Pennsylvania said that it would.

Mr. GRAHAM. That is all water that has passed over the dam.

Mr. BLANTON. I know; but I do not like section 13 anyhow.

I can remind the gentleman of the other bill he reported for our friend the gentleman from Missouri [Mr. DYER] in the Sixty-sixth Congress which was numbered 13, it being H. R. No. 13. The gentleman will remember that. That was special class legislation in behalf of just a few particular fellows in the United States.

Mr. GRAHAM. Will the gentleman allow me a single interruption on 13?

Mr. BLANTON. Certainly.

Mr. GRAHAM. I want to say to the gentleman that two events of world-wide importance occurred involving the figure 13. Thirteen Colonies won their independence against Great Britain and I was born on the 13th of the month. [Laughter and applause.]

Mr. BLANTON. That ought to stop hoodooism so far as the Colonies and the Judiciary chairman are concerned, but it is still following this Dyer legislation. The 13 Colonies have become 48 of the strongest States that ever existed in a union, tied together by every interest of friendship and personal and joint advantage. But there is a chance of "13" being a hoodoo sometimes, and we ought to keep it out of these Dyer bills. We remember that now famous so-called antilynching bill of his which was numbered 13. I knew the very moment that bill was brought up here that it would never become a law, and we would never hear anything more from it, because a bill designed to protect negroes should never be numbered "13." It is dead, and those dusky friends of the gentleman from Missouri who sat in the gallery that day knew it was dead as soon as they saw its number was 13. They simply fell back disconsolate. [Laughter.]

Now, the gentleman from Missouri [Mr. DYER] comes in here with another bill which is special class legislation preventing the 48 States, the successors of the 13 Colonies, under the laws of their legislatures from authorizing their own corporations to do business in China. They must come here to Washington and organize under this China trade act.

If I had my way about it, to help our friend from Missouri circumvent this hoodoo, I would change this paragraph No. 13 to paragraph 12½, and if I had my way about it I would strike out line No. 13 and I would make it line 12½, and if I had my way about it I would strike out this section No. 13 and I would make it section No. 12½.

Mr. WATKINS. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. WATKINS. That would probably have been very apropos on yesterday, that day being Friday the 13th, but this is Saturday.

Mr. BLANTON. Oh, but this is the morning after Friday the 13th, and this bill is still under the same "13" hoodoo.

Mr. GREEN. Mr. Chairman, I rise in opposition to the pro forma amendment. The gentleman has utterly mistaken the meaning of this provision. It applies only to corporations formed under the laws of the United States and has no application to corporations formed under State laws and does not restrict them in the least or concern them.

The pro forma amendment was withdrawn.

Mr. GRAHAM. Mr. Chairman, I ask unanimous consent, without taking up the time to read it, to move that section 29 in the bill be stricken out and the following be inserted in lieu thereof.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

Mr. WINGO. Mr. Chairman, we have not reached that; we have just read section 12. I move to strike out section 12.

The CHAIRMAN. The gentleman from Arkansas moves to strike out section 12.

Mr. WINGO. Mr. Chairman, in the other section we granted practical exemption from taxation to these concerns that are engaged in business in China, or engaged in the shipping business on the Pacific Ocean, to say the least, and we granted them practical exemption from the 12½ per cent corporation tax. If you take these requirements and work it out to a mathematical certainty, both of these qualifications as to citizenship and residence will cover every class of stockholder and credit for his stock, proportional credit, on the 12½ per cent corporation tax; it practically wipes it out. Now what do you do by this section? As far as the language is concerned, you change the word "citizen" to "resident"; that is not necessary in order to meet what they contend is the purpose of the law, and that is to meet British competition. Any man who has gone into the situation in China knows that the control the British have on the China trade is not a question of taxation, because most of the China corporations, the British corporations, are financed by men who live in England and pay their tax on their dividends.

I challenge any man to contradict me. I know that is true.

Mr. GRAHAM. The gentleman from Arkansas differs from the gentleman from Texas, who thought section 12 was proper.

Mr. WINGO. I am making a serious argument on a proposition of law, and the gentleman from Texas will not contradict that. The control that the British have of the Chinese trade is not one of exemption from taxation, because 83 per cent of the stock of the British corporations doing business in the east are owned either by individuals or banking corporations that are residents of the British Islands, and therefore they have to pay the tax on the dividends they receive. They do not have that exemption.

Now, where does the control come? It is not a case of tax exemption; it is a question of exchanges entirely. They also absolutely control and have a monopoly of American silver that is mined in the United States and shipped to China. They get the difference in the cost they pay the American mine owner and what the Chinese Government pays them to coin it into Chinese money, and they do it by the control of the exchange, by banking facilities, and under the bill you specifically provide that no China corporation shall engage in the exchange business, the real power that is the basis of England's domination of the trade in the east. This bill specifically confirms the monopoly of British interests, and you can not avoid that conclusion.

Mr. WATKINS. Mr. Chairman and gentlemen, I realize that the vote on this proposition is going to be very close, but I believe I can submit some observations that will justify every Member of this House from the agricultural districts having an interest in the farmer to vote for this proposition.

Mr. BLANTON. Will the gentleman yield?

Mr. WATKINS. For a brief question.

Mr. BLANTON. If I understand the gentleman from Oregon, a member of this triumvirate, his position in regard to the American farmer is that there ought to be encouragement to the merchant to bring into this country hundreds of thousands of cases of eggs to compete with our farmers.

Mr. WATKINS. They can do it now, whether you amend this law or not. This will not affect them.

Now, gentlemen, I want to reiterate what I said a moment ago. Suppose a man invests in a domestic corporation and earns \$5,000; we tax him at the source 12½ per cent. If he

invests in a China trade act corporation and makes \$5,000, under the present law he would be taxed 12½ per cent and in addition thereto he must put said dividends in his income return and pay the normal tax, which is nothing more than repetitive taxation, and which is wrong. If you go to China or stay here and invest in a corporation in the hope that you may build up trade between the United States and China, why should you not have the same right as if you invested in an American corporation doing business here? You pay 12½ per cent in the domestic concern and the balance is exempt; if you are in a China trade corporation you pay 12½ per cent, and the balance ought to be exempt.

What is the next proposition? The other amendment means to exempt not only Chinese in China, as the present law does, but exempts citizens of any nationality, provided they are residents of China, from paying income tax on incomes from companies organized under this act.

I want to read to you two excerpts from the hearings. I wish everybody would read these hearings. I am going to read from page 28, quoting what Miss Smith, assistant trade commissioner of the Department of Commerce, had to say about this. This is very important, because we sell approximately one-third of our textile products in China. We sell thousands of bales of cotton from the South in China. It means that the American farmer will have a market for his wheat, for his oats, for his cotton, for everything that he raises upon the farm in this country. We need foreign markets, and this is going to give them to us, because it will encourage trade and commerce between the United States and China. Here is what Miss Smith has to say on this proposition:

One point I would like to bring out is this: That the American manufacturers who are represented through American concerns in China are at a disadvantage in that, on account of their home taxation, they have to ask more for their products than if they were represented through a British outfit. Mr. Rhea demonstrated that by stating the case of the flour-mill machinery which the British concern could sell for \$98.50 and which the American had to sell at \$100. I have seen calculations made which show that the Americans at all times have to sell for 1½ per cent more on the price of their products than their British competitors can sell for.

There are more than 300 American concerns represented by British agencies in China instead of being represented by American agencies. A few weeks ago we increased or tried to increase the appropriation for the Bureau of Foreign Trade in the hope that we would build up the commerce of this Nation, and here this witness says that we are at a disadvantage simply because the American must not only pay his 12½ per cent, but must pay his normal tax upon the income that he gets from the China Trade Corporation. It makes a great difference.

Then, on page 29 of the hearings Miss Smith has this to say:

I think you will be interested in knowing that there are 20 British firms in Shanghai who hold 304 American agencies. What is the cause of that? There are several causes. The British themselves seek the American agencies, those where the article involved is better in quality than manufactured by the British, such as typewriters, calculating machines, etc. The reason is that they know that, on account of their taxation advantages, they can undersell the Americans. There are a lot of American manufacturers who go into the field and are not ready to open up their own offices there. They look about for trade representation and when they get to thinking about real business, if they find that the British can sell their product at a lower price and get more business for them than the American, who has to ask more for the same product, they place the agency with the British. That is not fair to the American trade.

This amendment proposes to say to the American and to the Chinaman and to the Englishman and to everybody else who will put his capital in an American concern and charter it under this act that he will have an exemption from the income from that corporation provided he resides in China.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. WATKINS. Yes.

Mr. HUDSPETH. What is the proportion of American corporations doing business in China through the British?

Mr. WATKINS. I do not have those figures. I do not know what the proportion is.

Mr. HUDSPETH. Does the gentleman hear of any of them offering to withdraw because of this so-called discrimination?

Mr. WATKINS. Why, they are doing business through these British concerns because of this tax, and that is just what I have been saying. They are asking these British agencies to do their business and sell their goods, and the gentleman knows that a British concern would simply hold back on American goods and sell the British products when there

is a chance to. In other words, he will hurt the business of the American concern.

Mr. HUDSPETH. We have American corporations over there now, have we not?

Mr. WATKINS. Yes; and they are being undersold by the British simply because of this tax feature. I want the gentleman from Texas, inasmuch as he represents an agricultural district, to realize that if we will pass this act and give to those Americans who go over there and pioneer in this foreign trade the same privileges we give the Chinaman and the same the Englishman secures, then the people of Texas will have a bigger field to sell their products, which in the end will bring prosperity to the American farmer.

Mr. HUDSPETH. Then should we not extend the same right to American corporations in Brazil and Argentina and other countries?

Mr. WATKINS. We will cross that bridge when we get to it. If the conditions justify it, we will take it up when it comes before Congress; but simply because we are not doing it to American citizens in Brazil is no reason why we should deny it to American residents in China if the facts warrant it, and they do warrant it, because the American manufacturer is being undersold by the Englishman.

Mr. DEMPSEY. Mr. Chairman, if the gentleman will yield for a moment, I can state the figures which the gentleman from Texas inquired about a moment ago. The American firms number 136 and the British firms 534.

Mr. WATKINS. I thank the gentleman. I want now to read from page 12 of the report, wherein Mr. Hoover, Secretary of Commerce, said:

While this amendment constitutes a departure from our rule of taxation by allowing exemption of income tax to persons resident in China to the extent of the dividends received from China trade act corporations, it is necessary that this relief be accorded to stockholders of the China trade act corporations resident in China if they are to be placed on a basis of equality with their British competitors.

As to the value of the markets of China, let me say that the Government reports show that during the fiscal year 1923-24 the total export and import trade of the United States with China equaled \$282,300,700.

The Department of Commerce is authority for the following statement:

China, including Hongkong and Kwantung, bought nearly 9,000,000 bushels of wheat and 5,000,000 barrels of flour, at a total valuation of \$35,000,000, and proved the largest world market for American flour during the year. Japan's purchases of rice, wheat, and flour added \$14,000,000 more to our sales of cereals. Shipments of automobiles and trucks to the whole Far East were valued at more than \$42,000,000, Australia leading with an importation reaching \$29,000,000. Sales of raw cotton to Japan and China are always heavy, but in 1923-24 they reached \$95,000,000, while shipments of mineral oils to the whole Far East totaled more than \$73,000,000; construction iron and steel, \$30,000,000; and cotton goods, practically \$10,000,000.

The outstanding feature of America's share of Chinese imports, as gathered from the preliminary reports of 45 ports, is the kerosene trade, which in 1923 approximated 179,000,000 American gallons, 80 per cent of the entire purchase and a slight increase over the previous year from the same sources. Sumatra's share was 12 per cent and Borneo's 2 per cent. Some Persian, Japanese, and Burmese oil was received, and Russia entered the market with about a half million gallons. The poor wheat crop created a greater demand for wheat and flour; Shanghai, the principal distributing point for all China, imported 70,000 tons of flour, an advance of 30,000 tons over 1922. The returns of the 45 ports show an importation of 272,000 tons of flour, an increase of nearly 40 per cent for the year. China's entire importation of wheat from the United States for 1922, according to complete official returns, aggregated 1,777,000 bushels. Construction was active during 1923, as indicated by the purchase of 288,000 tons of iron and steel products, 5 per cent more than the year previous, but soft-wood lumber imports dropped by 480,000,000 square feet to 224,000,000 square feet. Douglas fir is the standard construction lumber, and the most important kind sold by the United States to China, but other species from the Straits Settlements are reported as cutting into this trade. The Philippines are also furnishing lumber to China for interior finishing. While shipments of electrical equipment into China show some falling off for the year, the general trend of the trade is upward. The drop in machinery naturally reflects the disturbed condition of the country, the trade showing a decrease from 9,644,000 Hk. taels in 1922 to 8,170,000 Hk. taels in 1923. Imports of cotton piece goods decreased generally throughout the country. America has already lost this trade, particularly in northern China, to the cheaper goods from Japan. China purchased aniline dyes to the value of practically 7,450,000 Hk. taels in 1923, 1,100,000

taels more than in 1922, thus showing increased activity in the local cotton mills. China also imported 10,094,000,000 cigarettes in 1923, an increase of practically 1,500,000,000 for the year.

Now, in conclusion, let me say that on the Pacific coast we have the largest lumber mills in the world. What is the situation? We are selling our lumber in China and thereby developing our foreign trade. That means bigger pay rolls in Portland, bigger pay rolls throughout America, and the thing to do is to place those men on an equality with the British. Suppose you do not? The China trade act is still on the books; but suppose you do not give the American manufacturer the equality that the British manufacturer has. All he has to do is to incorporate under the British law and do business, and we lose out entirely. Are you willing to drive the American manufacturer to British soil, force him to incorporate under the British flag? You are not preventing the enactment of the China trade act. It is already the law. We are trying to amend it so as to relieve the American shipper of the hardship this law now places upon him and give to him a helping hand in his most laudable undertaking. I hope the bill will receive your favorable consideration. [Applause.]

The CHAIRMAN. The time of the gentleman from Oregon has expired. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was rejected.

The Clerk read as follows:

Sec. 13. That the China trade act, 1922, is amended by adding at the end thereof the following new section:

"Sec. 29. Hereafter no corporation shall be created under any law of the United States extended over citizens of the United States in China for the purpose of engaging in business within China."

Mr. GRAHAM. Mr. Chairman, I offer the following amendment by way of a substitute.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment by way of a substitute, which the Clerk will report.

The Clerk read as follows:

Page 7, line 15, strike out all of lines 15, 16, 17, and 18, and insert in lieu thereof the following:

"Sec. 29. Hereafter no corporation for the purpose of engaging in business within China shall be created under any law of the United States other than the China trade act."

Mr. DOWELL. Mr. Chairman, will the gentleman yield for a question?

Mr. GRAHAM. I will.

Mr. DOWELL. Is this intended to prevent a future Congress from acting upon this subject?

Mr. GRAHAM. No; we can not. In the act itself it reserves the right to amend, alter, or repeal the act.

Mr. DOWELL. I would assume so, but from the reading of this amendment I was wondering whether or not it was intended that should have a restraining effect upon a future Congress?

Mr. GRAHAM. No, we could not bind a future Congress in reference to repealing this law.

Mr. DOWELL. I understand that.

Mr. GRAHAM. But this language means that hereafter until some change is made, no corporation and so forth.

Mr. SNELL. Mr. Chairman, I move to strike out the last word.

Mr. GRAHAM. Mr. Chairman, I move that all debate upon this section and all amendments thereto close in five minutes.

Mr. WINGO. Will the gentleman make it 10 minutes. I offer an amendment to make it 10 minutes.

Mr. GRAHAM. To save time I will accept the offer.

The CHAIRMAN. The Clerk will report the offer.

The Clerk read as follows:

Mr. GRAHAM moves that all debate upon this paragraph and all amendments thereto close in 10 minutes.

The question was taken, and the motion was agreed to.

Mr. SNELL. Mr. Chairman, I think there is a certain amount of misapprehension in regard to the intent and purposes of this whole bill. As I understand it, it is not for the purpose of relieving any one of taxation, but its only purpose and intent is that of increasing our foreign business. I admit to a certain extent it is class legislation. It is class legislation as far as it applies to people who are conducting business in the eastern part of the hemisphere. Now, as far as relieving anybody from taxation we are probably not relieving a single identical man because we are not getting any tax from these people at the present time. We have \$300,000,000 of American money invested in China, and practically

98 per cent is under British laws, and we are not getting any tax from those people. In addition to that if it is a British corporation it means you must have a certain number of British directors and the local manager must be a British subject, and so we are not getting any benefit as a people when you have a British manager of American capital in China. Now, the intent and purpose of this bill is to put our nationals on the same basis as English capital so when we invest money over there we can have an American manager who would favor American goods and the extending of American business in that country. So you are not losing any taxes that you are getting at the present time by passing this measure. To gain some additional business in that section of the world in my judgment is the intent and purpose of this bill, and for that reason should be passed.

Mr. WINGO. Mr. Chairman, although I am very fond of the chairman of the Rules Committee and like to see him meet himself coming back, I suggest he turn to his speech he made on yesterday in reporting this rule, which is a pretty good answer to what he said. If you do not intend to relieve anybody, why pass the bill? Why the gentleman says there are \$300,000,000 that we have invested in China and it is now under British corporations. I deny that. We have got 136 concerns over there which are American concerns right now—

Mr. SNELL. Will the gentleman yield for a question? I made the statement yesterday that probably 2 per cent was under American incorporation, and I make that statement today, and I think it is correct.

Mr. WINGO. Oh, the gentleman has brought in here at the last minute a powerful man upon that side of the House, a power by reason of his personality, service, and ability as well as by virtue of his position, and he is brought in here as a pinch hitter. The gentleman from Oregon [Mr. WATKINS] is brought in here as a pinch hitter. He comes in and says you are not going to exempt somebody. He wanted us to join in twisting the lion's tail—

Mr. SNELL. I would like to know if that statement is correct or not. If it is correct, say so; and if it is incorrect, say so?

Mr. WINGO. What statement?

Mr. SNELL. That less than 2 per cent of American money invested in China was under American incorporation?

Mr. WINGO. Certainly it is not correct, and if the gentleman will just read the statistics—

Mr. SNELL. I beg the gentleman's pardon—

Mr. WINGO. Of course, we can not agree, because the gentleman can not agree as to what is in the bill. He is as badly befuddled about this bill to-day as he was on yesterday. His speech to-morrow, right alongside the bill, will put him in just about as unpleasant a light as his speech yesterday did.

My friend from Oregon [Mr. WATKINS] says, "In behalf of the farmer exempt these poor downtrodden people who are engaged in China from taxation." In the next breath they say that they want to beat the Englishman and prevent him from grabbing up this business, when there is not a single Englishman engaged personally or by ownership of corporate stock in the Chinese trade that gets any exemption unless he lives in China.

Gentlemen, I dare the gentleman from New York [Mr. SNELL] to deny it. He can not do it. It is the law. So what is this bugaboo about? Your present law meets that situation. I want to read to my friend from Oregon, who wants to save these poor, downtrodden overtaxed people in the name of the farmer, the words at the top of page 6, "individual citizens of the United States or China wherever resident," whether citizens of the United States or not. Gentlemen, you have not the time to go into it.

The committee confessed that they had to change the bill, and thereby they make a statement which shows that they either misunderstand the present law or the present bill.

Here is what you do. You absolutely destroy for all practical purposes the taxation of these corporations that are engaged in business in China. They intend to go into the shipping business. You maintain a Navy to go into the Pacific and protect our rights, as you ought to do, but you say that the business man at home, the farmers, and citizens of America generally must contribute taxes to maintain this Navy, while these people engaged in trade in China—in the name of helping the farmer at home—may go scot-free; they shall go scot-free, while the citizen in America, at home, is overburdened with taxation. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

Mr. GRAHAM. Now, Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Pennsylvania that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 7190) to amend the China trade act, 1922, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. GRAHAM. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. WINGO. A division, Mr. Speaker.

Mr. DYER. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. The question is on the passage of the bill. The question was taken; and there were—yeas 154, nays 130, answered "present" 3, not voting 144, as follows:

[Roll No. 69]

YEAS—154

Ackerman	Fredericks	McLaughlin, Nebr.	Snell
Anderson	Freeman	McLeod	Speaks
Bacon	Frothingham	MacGregor	Sprout, Ill.
Barbour	Fuller	MacLafferty	Sprout, Kans.
Barkley	Gallivan	Magee, N. Y.	Stalker
Beers	Graham	Major, Mo.	Stephens
Black, N. Y.	Green	Manlove	Strong, Kans.
Boies	Griest	Merritt	Strong, Pa.
Brand, Ohio	Guyer	Michener	Summers, Wash.
Burdick	Hadley	Miller, Ill.	Sweet
Burness	Hall	Miller, Wash.	Swing
Burton	Hardy	Mills	Swoope
Cable	Hawes	Minahan	Taber
Campbell	Hawley	Moore, Ohio	Taylor, Tenn.
Chindblom	Hersey	Moorer, Ind.	Temple
Christopherson	Hickey	Morris	Thatcher
Clague	Hoch	Murphy	Thompson
Clancy	Howard, Okla.	Nelson, Me.	Tillman
Clarke, N. Y.	Hudson	Newton, Minn.	Tilson
Cleary	Hull, Morton D.	Nolan	Timberlake
Cole, Iowa	James	O'Connell, N. Y.	Tineher
Colton	Johnson, Wash.	Parker	Tinkham
Cooper, Ohio	Kearns	Patterson	Tucker
Cramton	Kelly	Quayle	Valle
Cullen	Ketcham	Ragon	Vestal
Dallinger	Knutson	Ramsayer	Vincent, Mich.
Darrow	Kopp	Rathbone	Walwright
Dempsey	Kurtz	Reece	Watkins
Denison	LaGuardia	Reed, N. Y.	Watson
Dickinson, Iowa	Leach	Reld, Ill.	White, Kans.
Dowell	Leatherwood	Richards	White, Me.
Dyer	Leavitt	Robinson, Iowa	Williams, Mich.
Elliot	Leibach	Rosenbloom	Williams, Ill.
Fairchild	Lindsay	Sanders, N. Y.	Williamson
Fairfield	Lineberger	Scott	Winslow
Faust	Luce	Sears, Nebr.	Yates
Fenn	McFadden	Simmons	Zibelman
Fleetwood	McKeown	Sinnot	
Frear	McLaughlin, Mich.	Smith	

NAYS—130

Abernethy	Bulwinkle	Bagan	Huddleston
Allen	Busby	Evans, Mont.	Hudspeth
Allgood	Byrns, Tenn.	Fisher	Hull, Tenn.
Almon	Canfield	Gambrell	Humphreys
Arnold	Cannon	Gardner, Ind.	Jeffers
Aswell	Carew	Garner, Tex.	Johnson, Tex.
Ayres	Collier	Garrett, Tex.	Jones
Black, Tex.	Collins	Gasque	Jost
Blanton	Connally, Tex.	Geran	Keller
Bowling	Connery	Greenwood	Kerr
Box	Cook	Griffin	Kincheloe
Boyce	Crisp	Hammer	Kvale
Boylan	Davey	Harrison	Lanham
Brand, Ga.	Davis, Tenn.	Hastings	Lankford
Briggs	Dickinson, Mo.	Hill, Ala.	Larsen, Ga.
Browne, Wis.	Doughton	Hill, Wash.	Lazaro
Browning	Drane	Hooker	Logan
Buchanan	Driver	Howard, Nebr.	Lowrey

Lozier	Oldfield	Schafer	Thomas, Ky.
McClintic	Oliver, Ala.	Schneider	Underwood
McDuffie	Park, Ga.	Sears, Fla.	Upshaw
McReynolds	Parks, Ark.	Shallenberger	Vinson, Ga.
McSwain	Peavey	Sherwood	Vinson, Ky.
McSweeney	Peery	Sites	Weaver
Major, Ill.	Quin	Smithwick	Wefald
Martin	Raker	Spearing	Williams, Tex.
Mead	Rankin	Stedman	Wilson, La.
Milligan	Rayburn	Stengle	Wilson, Miss.
Mooney	Reed, Ark.	Stevenson	Wilson, Ind.
Moore, Ga.	Romjue	Summers, Tex.	Wingo
Morehead	Ruby	Swank	Wright
Nelson, Wis.	Sanders, Tex.	Tague	
O'Connell, R. I.	Sandlin	Taylor, W. Va.	

ANSWERED "PRESENT"—3

Cooper, Wis.	French	Garrett, Tenn.
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NOT VOTING—144

Aldrich	Drewry	Lea, Calif.	Roach
Andrew	Edmonds	Lee, Ga.	Robison, Ky.
Anthony	Evans, Iowa	Lilly	Rogers, Mass.
Bacharach	Favrot	Linthicum	Rogers, N. H.
Bankhead	Fish	Longworth	Rouse
Beck	Fitzgerald	Lyon	Sabath
Beedy	Foster	McKenzie	Salmon
Begg	Free	McNulty	Sanders, Ind.
Bell	Fulbright	Madden	Schall
Berger	Fulmer	Magee, Pa.	Seger
Bixler	Funk	Mansfield	Shreve
Bland	Garber	Mapes	Sinclair
Bloom	Gibson	Michaelson	Snyder
Britten	Gifford	Montague	Steagall
Browne, N. J.	Gilbert	Moore, Ill.	Sullivan
Brumm	Glatfelter	Moore, Va.	Taylor, Colo.
Buckley	Goldsborough	Morgan	Thomas, Okla.
Butler	Haugen	Morin	Treadway
Byrnes, S. C.	Hayden	Morrow	Tydings
Carter	Hill, Md.	Newton, Mo.	Underhill
Casey	Holaday	O'Brien	Vare
Celler	Hull, Iowa	O'Connor, La.	Voigt
Clark, Fla.	Hull, William E.	O'Connor, N. Y.	Ward, N. Y.
Cole, Ohio	Jacobstein	O'Sullivan	Ward, N. C.
Connolly, Pa.	Johnson, Ky.	Oliver, N. Y.	Wason
Corning	Johnson, W. Va.	Paige	Watres
Croll	Johnson, S. Dak.	Perkins	Weller
Crosser	Kendall	Perlman	Welsh
Crowther	Kent	Phillips	Wertz
Cummings	Kiess	Porter	Winter
Curry	Kindred	Pou	Wolf
Davis, Minn.	King	Prall	Wood
Deal	Kunz	Purnell	Woodruff
Dickstein	Lampert	Rainey	Woodrum
Dominick	Lansley	Ransley	Wurzbach
Doyle	Larson, Minn.	Reed, W. Va.	Wyant

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Underhill (for) with Mr. Bankhead (against).
 Mr. Aldrich (for) with Mr. Treadway (against).
 Mr. Bixler (for) with Mr. Lee of Georgia (against).
 Mr. Robison of Kentucky (for) with Mr. Mansfield (against).
 Mr. Crowther (for) with Mr. Bell (against).
 Mr. Newton of Missouri (for) with Mr. Dominick (against).
 Mr. Kendall (for) with Mr. Byrnes of South Carolina (against).
 Mr. Kiess (for) with Mr. Fulmer (against).
 Mr. Shreve (for) with Mr. Rainey (against).
 Mr. Vare (for) with Mr. Fulbright (against).
 Mr. Longworth (for) with Mr. Garrett of Tennessee (against).

Until further notice:

Mr. Madden with Mr. Bland.
 Mr. Curry with Mr. Kunz.
 Mr. Free with Mr. Thomas of Oklahoma.
 Mr. Wood with Mr. Carter.
 Mr. Phillips with Mr. Steagall.
 Mr. Wason with Mr. Moore of Virginia.
 Mr. Mapes with Mr. Prall.
 Mr. Davis of Minnesota with Mr. Croll.
 Mr. Seger with Mr. Montague.
 Mr. Bacharach with Mr. Hayden.
 Mr. Purnell with Mr. Rayden.
 Mr. Ransley with Mr. Browne of New Jersey.
 Mr. Lampert with Mr. Kindred.
 Mr. Brumm with Mr. Tydings.
 Mr. Morgan with Mr. Deal.
 Mr. Fitzgerald with Mr. Celler.
 Mr. Welsh with Mr. Johnson of Kentucky.
 Mr. Wurzbach with Mr. Rouse.
 Mr. Porter with Mr. Goldsborough.
 Mr. King with Mr. Bloom.
 Mr. Begg with Mr. Rogers of New Hampshire.
 Mr. Anthony with Mr. Kent.
 Mr. Hull of Iowa with Mr. Lea of California.
 Mr. Cooper of Wisconsin with Mr. Ward of North Carolina.
 Mr. Hill of Maryland with Mr. Woodrum.
 Mr. Rogers of Massachusetts with Mr. Morrow.
 Mr. Butler with Mr. O'Connor of Louisiana.
 Mr. Magee of Pennsylvania with Mr. Doyle.
 Mr. Watres with Mr. O'Sullivan.
 Mr. Michaelson with Mr. Gilbert.
 Mr. Wyant with Mr. Drewry.
 Mr. Gibson with Mr. Favrot.
 Mr. Paige with Mr. Pou.
 Mr. Woodruff with Mr. Oliver of New York.
 Mr. Gifford with Mr. Glatfelter.
 Mr. Perkins with Mr. O'Connor of New York.
 Mr. Funk with Mr. Cummings.
 Mr. Morin with Mr. Lyon.
 Mr. Garber with Mr. O'Brien.

Mr. Winter with Mr. Dickstein.
 Mr. Britten with Mr. Lilly.
 Mr. Johnson of South Dakota with Mr. Connery.
 Mr. Haugen with Mr. Buckley.
 Mr. Beedy with Mr. Jacobstein.
 Mr. Connolly of Pennsylvania with Mr. Taylor of Colorado.
 Mr. Evans of Iowa with Mr. Salmon.
 Mr. Wertz with Mr. Casey.
 Mr. Sinclair with Mr. Linthicum.
 Mr. Ward of New York with Mr. Sullivan.
 Mr. Perlman with Mr. Johnson of West Virginia.
 Mr. William E. Hull with Mr. Sabath.
 Mr. Sanders of New York with Mr. Crosser.
 Mr. Roach with Mr. McNulty.
 Mr. Snyder with Mr. Wolf.
 Mr. Holaday with Mr. Clark of Florida.
 Mr. Edmonds with Mr. Berger.

Mr. RAINY. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. RAINY. I was not.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

On motion of Mr. DYER, a motion to reconsider the vote whereby the bill was passed was laid on the table.

UNAPPROPRIATED PUBLIC LANDS

Mr. SINNOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table H. R. 8522, a bill granting to certain claimants the preference right to purchase unappropriated public lands, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Oregon asks unanimous consent to take from the Speaker's table, disagree to the Senate amendments, and ask for a conference on a bill which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees:

Messrs. SINNOTT, SMITH, and RAKER.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—COMMEMORATION OF THE SIGNING OF THE DECLARATION OF INDEPENDENCE

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Industrial Arts and Expositions:

To the Congress of the United States:

Herewith I transmit to the Congress copy of a communication this day received from the mayor of the city of Philadelphia, Pa., relative to a celebration for which that city has made an appropriation of \$2,000,000, to commemorate the signing of the Declaration of Independence. I recommend that favorable consideration be given to the various suggestions made in the communication.

CALVIN COOLIDGE.

THE WHITE HOUSE, February 14, 1925.

HOBOKEN SHORE LINE

Mr. SNELL. Mr. Speaker, I call up House Resolution 437, a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from New York calls up a House resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 437

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2287, to permit the Secretary of War to dispose of and the Port of New York Authority to acquire the Hoboken Shore Line. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled between those for and those against the bill, the bill shall be read for amendment under the five-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage.

Mr. EAGAN. Mr. Speaker, I reserve a point of order on the bill. Pending that, I desire to submit a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. EAGAN. I want to preserve every technical right I may have in opposing the rule and the bill, and in doing so I want to make a point of order against the bill. My parliamentary inquiry is this: May I make the point of order now against the bill and save time, or make the point of order against the bill after the adoption of the resolution?

Mr. SNELL. Is the gentleman's point of order against the rule or against the bill?

Mr. EAGAN. My point of order is against the bill.

The SPEAKER. The Chair would suggest that if there is a point of order which prevents the consideration of the bill it would save time to have it made now, because if the point of order should be sustained by the House it would make any time spent on the rule wasted. The gentleman will state his point of order.

Mr. EAGAN. In making this point of order, Mr. Speaker and gentlemen of the House, I want to be very definite in saying that I am not going to call into question the good faith of the proceedings in the other body, but the fact of the matter is that the bill as messaged to the House is not in the exact form in which—as will appear by reference to the proceedings of the other body in the CONGRESSIONAL RECORD—the bill was actually passed. There have been several important changes made. I have no doubt, of course, that these changes were regularly made, and yet I want to protect myself in every technical right I may have. The proceedings in the other body as they appear in the CONGRESSIONAL RECORD for May 13, 1924, the day the bill was passed, do not show that the interstate commerce amendment that appears in the bill was presented and passed in the other body. I realize, of course, that the CONGRESSIONAL RECORD is not official and that the other body will stand on the desk copy of the bill. I have no doubt everything was regular, but I wanted to call the attention of the House to this fact. My point of order is that the bill S. 2287 as messaged to the House is not in the exact form in which it passed the other body. I think it is a novel point, and the Chair will want to render a decision on it.

The SPEAKER. The gentleman from New Jersey was courteous enough to notify the Chair in advance of the point of order and the Chair has considered it. It seems to the Chair that the only basis on which the Chair or the House can determine the accuracy is the record which is sent to us by the Senate. It seems to the Chair we are bound by the formal interchange of documents between the two bodies. If it should prove that there is a discrepancy, as the gentleman states the record will disclose, between the CONGRESSIONAL RECORD and the bill, that occurring in the Senate it seems to the Chair it is for the Senate to determine, and the House can only look at the record as forwarded to it by the Senate, and therefore the Chair overrules the point of order.

Mr. SNELL. Mr. Speaker, this resolution, if adopted, provides for the consideration of the bill, S. 2287, which, in general terms, provides for the sale by the Secretary of War of what is known as the Hoboken Shore Line Railroad to the Port Authority of New York.

I desire to make a short statement to the House to show the exact conditions that exist at the present time. During the war in order to facilitate the movement of our military troops, not only at home but across the sea, the Federal Government took possession of the piers at Hoboken, N. J., and later they bought the stock of what is known as the Hoboken Manufacturers' Railroad Co. The Secretary of War still holds as the representative of the Government the stock in this organization and he desires to sell the same. There is some question whether he has authority to do it or not.

Under Public Resolution No. 66, which was passed by Congress, we recognized the development of the port of New York and by resolution of Congress, Public Resolution 17 of the Sixty-seventh Congress, the port treaty or compact for the development of the port of New York authorized by the State of New York and the State of New Jersey was recognized and approved by Congress.

The testimony that has come before the Military Affairs Committee of both the House and the Senate is almost unanimous that the Port Authority of New York should own this Hoboken Shore Line Railroad. The railroad is about a mile and a quarter, or a mile and a half long, and connects the terminals of the various railroads on the New Jersey side with the Government-owned piers in Hoboken.

The Secretary of War has an offer from the Delaware, Lackawanna & Western Railroad for this shortline railroad, but it is the unanimous judgment of the Legislatures of the State of New Jersey and the State of New York that this railroad should belong to the Port Authority of New York. Communications have come to the Committee on Rules from the Governor of the State of New York and the Governor of the State of New Jersey requesting specific legislation on this matter, giving the Secretary of War authority to sell this rail-

road to the Port Authority of New York and receive in payment for the same \$1,000,000 of bonds issued by the Port Authority of New York.

I may say for the benefit of the House that the Secretary of War has been offered \$1,000,000 by the Delaware, Lackawanna & Western Railroad in cash for this property, and the only question so far as he is concerned is whether or not he shall sell it to the port authority and receive in payment for the same \$1,000,000 of 30-year bonds of the Port Authority of New York.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. LAGUARDIA. Is it the gentleman's understanding that the bill we will consider after the passage of the rule authorizes the Secretary of War to accept these bonds or directs the Secretary of War?

Mr. SNELL. I understand it gives him authority, at least, to accept them.

Mr. LAGUARDIA. I think it is very important whether it directs him or simply authorizes him.

Mr. SNELL. As I understand the provision, the Secretary of War, if he is authorized by Congress or is given the authority, is willing to accept them.

Mr. LAGUARDIA. Is that the gentleman's understanding?

Mr. SNELL. That is my understanding.

As far as I am informed, there is no special opposition to this bill except from the city of Hoboken, and the reason they are opposed to the bill in its present form is on account of the question of taxation; that is, whether they will be allowed to tax this railroad if it is acquired by the Port Authority of New York. As I understand that situation, there is nothing in the bill itself that decides whether the railroad shall be taxable or not. On the other hand, that is left for the decision of the two States involved—whether the property of the port authority should be taxed or not.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. McDUFFIE. In the event this bill passes, does it leave it discretionary with the Secretary of War as to whom he shall sell this property? In other words, will he have the authority to sell either to the Lackawanna Railroad or to the Port Authority of New York, just as he sees fit? Do you make it discretionary with him?

Mr. SNELL. To a certain extent, it may be discretionary, but I understand if this bill is passed the Secretary of War will sell this railroad to the Port Authority of New York and receive in payment for the same the \$1,000,000 of the 30-year bonds of the Port Authority of New York.

Mr. HOWARD of Nebraska. Will the gentleman permit an interruption?

Mr. SNELL. Yes.

Mr. HOWARD of Nebraska. Will the gentleman tell the House, please, upon what property these bonds would be based?

Mr. SNELL. The only security will be the railroad itself. Mr. HOWARD of Nebraska. The company or corporation or whatever it is has no other property?

Mr. SNELL. They may have some other property, but probably that will also be mortgaged, and the only real security for the Government will be the mortgage on the railroad which it sells to the Port Authority of New York, but I do not think there is any question but what with the final development the bonds will be paid.

Mr. HOWARD of Nebraska. But it looks like we were giving away the property and taking a mortgage on it.

Mr. SNELL. In a way, you might consider that so. We are only getting a general mortgage on the property, but considering the fact that the port authority is authorized to make a complete development of the entire port around New York City, and probably will expend from \$300,000,000 to \$500,000,000 before it gets through the entire development, there is no question in my mind but what the bonds will be paid.

Mr. HOWARD of Nebraska. It does not look like following good business principles, and I wanted the gentleman to explain it to me.

Mr. SNELL. I have explained it as fully as I know how.

Mr. HOWARD of Nebraska. But you would not loan Government funds to the farmers on the same basis?

Mr. SNELL. This is a quasi municipal corporation, and while it does not pledge the credit of their States I do believe that the States are interested enough to see that the bonds are paid.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. MORTON D. HULL. Is this Port Authority of New York a municipal corporation with tax-levying power and the right to issue its own municipal bonds?

Mr. SNELL. I do not know that it has any tax-levying power.

Mr. MORTON D. HULL. Does it have the tax-levying power?

Mr. SNELL. I do not understand about the taxing power, but I will ask the gentleman from New York [Mr. MILLS] if he can answer the gentleman's question.

Mr. MILLS. No; the port authority is a public agency created by treaty between the States of New York and New Jersey. It consists of six members, three appointed by the Governor of New York, and three by the Governor of New Jersey. It has a right to purchase, own, control, and operate public utilities of this character. The general conception as to its methods of financing is for the port authority to issue its bonds as against the contemplated improvements and to pay interest on the bonds out of the revenue of the improvements.

Mr. SNELL. Then it has no taxing power?

Mr. MILLS. It has no power of taxation, although it has the power to issue tax-exempt bonds.

Mr. BURTNESS. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. BURTNESS. Has this port authority credit in the sense that it can float its own bonds in the money market of New York?

Mr. MILLS. Let me say that there has been no occasion up to the present time to float its securities.

Mr. BURTNESS. But the gentleman has said it has made some improvements?

Mr. MILLS. No; I said it was about to do so in connection with two public improvements authorized by the States of New York and New Jersey. It has been authorized to build two bridges between New Jersey and Staten Island. The State will authorize \$2,000,000 for the purpose of beginning that improvement, and the State is to take a second mortgage of the port authority, and the port authority is to issue \$12,000,000, with a first mortgage back of it.

Mr. LA GUARDIA. But it has not done so at present.

Mr. GARRETT of Texas. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. GARRETT of Texas. What financial backing has the Port of New York Authority, what physical security has it as a basis for issuing bonds?

Mr. MILLS. The bonds will be issued as against the railroad.

Mr. GARRETT of Texas. I am talking about this agency itself, there was nothing before our committee to show that it has any property.

Mr. MILLS. To-day it has not got any property; but I want to say that they have reached the point to-day where it is actually ready to begin to carry out the plans. In the course of the next five years it will be the owner of two very valuable bridges that the State has authorized it to construct.

Mr. SNELL. And have contributed some money toward the payment for that construction?

Mr. MILLS. Two million dollars.

Mr. GARRETT of Texas. The hearings show that the port authority proposes to buy this small railroad, which the Government owns and connects with the Government piers and their terminals and other facilities, for which they agree to pay \$1,000,000, and they say that that road will earn enough money for them to pay 4 per cent on the bonds, based on the security of the railroad property, and at the end of 30 years they will retire the bonds. What kind of a proposition is that for the Government?

Mr. SNELL. The Government does not want to continue to own or operate the railroad under any circumstances. The Government is going to sell it to some one, and it is our opinion it is better to sell it to this public agency than to an individual railroad.

Mr. GARRETT of Texas. If the Government is not going to operate it, can it not lease it on a basis of 4 per cent on a million dollars per annum?

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. GARRETT of Tennessee. I am in favor of this rule for the consideration of the bill. It seemed to me that possibly some time could be saved. Is there opposition to the rule?

Mr. SNELL. I did not expect any opposition to the rule; I thought there might be some to the bill, but I want to get it before the House.

Mr. GARRETT of Tennessee. If it is to be resisted to the ultimate end I have no further suggestions to make in reference to procedure.

Mr. LA GUARDIA. Will the gentleman from New York yield?

Mr. SNELL. Yes.

Mr. LA GUARDIA. The gentleman from New York [Mr. MILLS] made the statement that two bridges have been authorized by the States of New York and New Jersey, and the gentleman who has the floor corroborated that by saying that \$2,000,000 had been appropriated. Now, in all fairness, the gentleman should state that that is what is contemplated, that neither bridge has been authorized, and the money has not been appropriated to date, and this is February 14, 1925.

Mr. WILLIAMS of Michigan. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. WILLIAMS of Michigan. Is the gentleman in a position to tell us what becomes of the property mortgaged in the way that has been discussed after the payment of the various bond issues? Would it then belong to the two States, or to private ownership?

Mr. SNELL. To the corporation of the Port of New York Authority, which is authorized by the legislatures of two States, and recognized by resolution of Congress.

Mr. WILLIAMS of Michigan. Would this property ultimately, after the payment of all indebtedness against it contemplated by this bill and other mortgages, belong to this agency, in which the two States would have a joint interest, or would it be private property in the hands of a private corporation?

Mr. SNELL. Oh, no; to this agency, in which the two States have a joint interest, and not in any way a private corporation.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield to me?

Mr. SNELL. I yield such time as the gentleman desires.

Mr. GARRETT of Tennessee. I wish the gentleman would yield to the gentleman from New York [Mr. LA GUARDIA]. I am in this peculiar position: I am in favor of this rule. As to the bill, I have no decided convictions. I do not want to be put in the position of opposition to the rule.

Mr. SNELL. I shall yield later to the gentleman from New York; certainly.

Mr. SCHNEIDER. Do I understand that this will be a publicly owned utility, a publicly owned railroad?

Mr. SNELL. I take it so.

Mr. SCHNEIDER. Since when have the two gentlemen from New York, Mr. MILLS and Mr. SNELL, come to be in favor of the public ownership of railroads? [Laughter.]

Mr. SNELL. Oh, this is a very short one and serves a special purpose. I yield five minutes to the gentleman from New York [Mr. LA GUARDIA].

Mr. LA GUARDIA. Mr. Speaker, the question to-day confronting the Members from New York is whether you are going to be a good fellow or a good legislator. Personally I feel that it is my duty to oppose legislation which I consider unsound, no matter whose displeasure I may incur. Let us at least have no question as to the facts. I am not going to spring any fireworks at this time. The gentleman from New York, who is on the Military Affairs Committee, the statesman [Mr. BOYLAN] who has the courage of his convictions, notwithstanding the pressure that is being brought to bear on the New York Members on both sides of the aisle, is opposing this measure and has promised me some time, and I shall then answer the gentleman from New York [Mr. MILLS]. I am going to present certain figures at this time, and I would say now that if my figures are wrong, if the gentleman from New York can disprove the figures which I state, I shall vote for the bill. In the first place, the gentleman from New York has just stated that \$2,000,000 have been appropriated—

Mr. MILLS. Will the gentleman yield? The gentleman should not misquote me.

Mr. LA GUARDIA. Did the gentleman not say that?

Mr. MILLS. The gentleman knows—

Mr. LA GUARDIA. Did not the gentleman from New York [Mr. SNELL] say that in connection with the gentleman's statement?

Mr. MILLS. The gentleman knows the facts just as well as I do. I ask the gentleman to please state the facts.

Mr. LA GUARDIA. Then I make the unequivocal statement that \$2,000,000 have not been appropriated. The railroad is just part of this property. The property is held by the Hoboken Manufacturers' Railroad and all of the stock of the company is owned by the United States. Let me give you an inventory of what they intend to convey for these bonds. First of all,

the railroad property, which is 1.1 miles, inventoried at \$998,000. Then the real property, inventoried at \$495,000. Now, get this, and I will ask the gentleman from New York to deny it—there are \$250,000 worth of Liberty bonds in the possession of this company; there is \$182,000 of first mortgages on real estate which this corporation owned and sold and took back first mortgages for; and there is \$63,000 in cash, amounting in all—Liberty bonds, first mortgages, and cash—to \$407,000. These securities and cash they want to take likewise and pay in lieu of cash the bonds—no good, absolutely worthless bonds—of the Port of New York Authority.

Please get this: It provides here that they will exchange the bonds for all of the stock of the company. The bill provides that we are to dispose of all of the stock of this corporation to this Port of New York Authority and take their bonds in exchange. When we dispose of 100 per cent of stock, all of the property naturally goes with it. Will the gentleman deny that?

Mr. MILLS. Yes, I most certainly will deny that.

Mr. LAGUARDIA. The property does not go with the stock?

Mr. MILLS. The gentleman knows that there is no intention whatsoever of transferring Liberty bonds or the back lots to the Port of New York Authority to the extent of \$400,000.

Mr. LAGUARDIA. Let us specifically so provide then.

Mr. WAINWRIGHT. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. Yes, in a moment. Gentlemen, the report of the Port of New York Authority has been sent to each one of you, a very elaborate preparation. You will find on page 26 of the port authority report, dated January 24, 1925, that they want to take the cash and at that time it was \$109,000, and that they were going to give their bonds for it. You have the word of the Port of New York Authority right here, and let me say to the gentleman from New York, my colleague, who is a genius of finance, who is an expert on finance, who comes here and advises us on tax matters, that he would not advise anybody in whom he is interested to buy these bonds. He does not own any of the bonds himself, and would not buy them.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SNELL. I yield five minutes more.

Mr. WAINWRIGHT. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. WAINWRIGHT. Is not the gentleman aware that the bill provides that the property not required or not used in connection with the operation of the railroad itself may be separated from the railroad and sold separately, either transferred to the United States or to another corporation to operate it in the interest of the United States? It is not contemplated to transfer any of those assets to the Port of New York Authority.

Mr. LAGUARDIA. The gentleman knows that we ought to be protected, and it ought to specify exactly what you are going to convey for the bonds of the Port of New York Authority. The question of public ownership has been brought up. Of course, I am for public ownership, for Government operation, but this is what they are going to do here. This great Port of New York Authority, comprising New York, Brooklyn, Hoboken, Newark, Jersey City, Weehawken—the greatest port in the world—is to be turned over to this so-called port authority and this railroad to be operated as a test for public ownership to whom? To Julius Henry Cohen, a shyster lawyer; Otto Shulhof, a manufacturer of women's underwear; and John F. Galoin, an insurance agent. Can you beat it? A pretty test for Government operation of public utility.

Mr. BLANTON. What kind of underwear was it?

Mr. SCHAFER. Will the gentleman yield for a question?

Mr. LAGUARDIA. Not now. I want to ask the gentleman when he takes the floor if the Secretary of War is back of this bill?

Mr. MILLS. Why, yes; I will say to the gentleman now without qualification that if this bill passes, the Secretary of War informs me that he will turn over this railroad to the States of New York and New Jersey to be operated through the port authority.

Mr. LAGUARDIA. Just one moment. I asked the gentleman if the Secretary of War is in favor of taking the bonds of this port authority for this property?

Mr. MILLS. I answer the gentleman the Secretary of War will take these bonds—

Mr. LAGUARDIA. And I say to the gentleman he is in error. The gentleman has easier access to the department under his administration than I have. [Applause.]

Mr. MILLS. Well, I will say to the gentleman that if he is going to undertake to quote the Secretary he is going to quote him, and I say that at a meeting held in the presence of the President of the United States, at which the members of the port authorities were present, the two Senators from New York and New Jersey, the Secretary of War made the unqualified statement to the port authority, in my presence, that if the bill passed he will sell this railroad to the port authority, and I challenge the gentleman to disprove that statement.

Mr. LAGUARDIA. And I will say to the gentleman, and I was not at that conference, that what the Secretary of War says is that if he is specifically directed to take these bonds he will do it, otherwise he will not.

Mr. MILLS. And I will say to the gentleman the Secretary said, if you pass this bill, and this bill is permissive and not mandatory.

Mr. LAGUARDIA. Oh, thanks for the declaration. Now, let us not prolong the agony any more. Here is the letter from the Secretary of War. Now, I have got you. Now, read this; listen to me. This is February 11, 1925:

MY DEAR CONGRESSMAN—

SEVERAL MEMBERS. What is the date?

Mr. LAGUARDIA. February 11, 1925. [Laughter.]

The SPEAKER. The time of the gentleman has expired.

Mr. LAGUARDIA (reading)—

Re: S. 2287: Disposal of Hoboken Shore Road.

HON. FIORELLO H. LAGUARDIA,

House of Representatives.

MY DEAR CONGRESSMAN: Receipt is acknowledged of your letter, dated February 7, 1925, referring to the "Disposal of Hoboken Shore Road." You specifically refer to my statement to the Military Affairs Committee in a letter dated February 28, 1924—

I wrote to him on Sunday—

from which you quote, "A cash offer has been received from another source which is, in my opinion, much better from a pecuniary point of view," and inquire in effect as to whether or not I have altered my views in the matter.

The SPEAKER. The time of the gentleman has expired.

Mr. SNELL. I yield the gentleman two minutes.

Mr. LAGUARDIA (reading)—

I am unable to understand from a purely business standpoint how it is possible to arrive at any other conclusion than that expressed in my letter from which you quote, that \$1,000,000 cash is a better offer than \$1,000,000 in Port of New York Authority bonds. As this property was claimed to be of great value to the Port of New York Authority in carrying out the purpose for which it was organized, I desired, other things being equal, that the port authority should be given every reasonable opportunity to acquire it, but I advised them that I would not accept its bonds for this property unless I was specifically directed so to do by act of Congress, and that in order to cut off the heavy carrying charges on this property I intended to sell it to the highest bidder very shortly after this session of Congress adjourned—the delay in the sale being due to representations that the present Congress would pass a bill specifically directing me to accept these bonds in lieu of cash for the property.

The SPEAKER. The time of the gentleman has again expired.

Mr. SNELL. I yield the gentleman two additional minutes.

Mr. WAINWRIGHT. Will the gentleman yield for one question?

Mr. LAGUARDIA. I want to finish the letter. [Reading:]

This property belongs to the Hoboken Manufacturers Railroad Co., a corporation, the stock of which is the property of the United States. I am of the opinion that the corporation can dispose of the various pieces of property belonging to it, as the "water front" property, the "back lands," or the 99-year lease of the "Hoboken Shore Road," if done in accordance with the terms of the lease, but there may be some question as to whether or not I have the authority to sell the whole stock of the holding company without specific authority from Congress.

At all times I have personally preferred that Congress would see fit to give me specific instructions relative to these properties and have therefore until now withheld definite action.

Sincerely yours,

JOHN W. WEEKS, Secretary of War.

Could anything be plainer? The Secretary clearly says that he will take these bonds only if he is "specifically directed to do so" by Congress.

I now yield to the gentleman from New York.

Mr. WAINWRIGHT. I think it is but proper at this time to call the attention of the House to the official report the Secretary made to the Committee on Military Affairs.

Mr. LAGUARDIA. I referred to that in my letter to the Secretary and he quotes it in his.

Mr. WAINWRIGHT. Wait a moment—showing his exact official attitude in regard to this matter.

Mr. LAGUARDIA. I do not yield to the gentleman to read reports. I refuse to yield further. The report is before you gentlemen, and I referred to it in my letter to the Secretary.

Mr. WAINWRIGHT. I ask the gentleman if he will read.

The SPEAKER. The gentleman from New York declines to yield.

Mr. LAGUARDIA. Now, gentlemen, here is the issue. I now make this charge. I say it is a matter of law that the port authority can issue bonds. True, but it can not pledge the credit of the State of New York and the State of New Jersey or any municipality thereof. Deny that if you can. It has no lien on taxes; it has no taxing power. It was originally created in 1917. Its counsel is Julius Henry Cohen, who receives \$18,000 salary, and assistant counsel John Milton receives a salary of \$12,000, and Secretary Leary receives \$10,000, or a combined salary of \$40,000 for three men—plenty of overhead but no income.

Mr. BLANTON. How much does this ladies' underwear man get?

Mr. LAGUARDIA. The gentleman is an authority on that.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. LAGUARDIA. I do.

Mr. SCHAFER. The gentleman from New York made a statement to the effect that—

The SPEAKER. The time of the gentleman from New York has expired.

Mr. SNELL. Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. EAGAN].

The SPEAKER. The gentleman from New Jersey is recognized for 10 minutes.

Mr. EAGAN. Mr. Speaker and gentlemen of the House, I am opposed to this rule and to the bill. I do not believe there is any necessity whatever for bringing this bill in under a special rule.

I submit that if the Congress is to give special consideration to anyone, that the city of Hoboken, which has already lost a vast sum in taxes on the pier properties formerly belonging to the North German Lloyd and Hamburg-American Steamship Companies, should come before the Port of New York Authority or any other interest.

While the city of Hoboken is not anxious to acquire the railroad which it is sought by this bill to turn over to the Port of New York Authority, it would prefer to acquire the road rather than to see it go to the Port of New York Authority now and perhaps lose the taxes on an additional million dollars' worth of property. Hoboken is now receiving \$46,743.60 a year on this property.

It will be claimed by the proponents of the bill that the bill amply protects Hoboken in the matter of taxes on the railroad property to be acquired thereunder by the port authority. I take issue with them not only as to the railroad property which the bill seeks to turn over to the port authority, but as to other property of the railroad company. The corporation attorney of the city of Hoboken, Mr. John J. Fallon, one of the most eminent lawyers in our State, and the officials of Hoboken insist that Hoboken is not properly protected as to taxes.

In this connection I want to read to you a resolution adopted by the commissioners of the city of Hoboken at their meeting on February 10, 1925:

BOARD OF COMMISSIONERS OF THE CITY OF HOBOKEN,
CITY CLERK'S OFFICE,
Hoboken, N. J., February 10, 1925.

Congressman JOHN J. EAGAN,

House of Representatives, Washington, D. C.

SIR: This is to certify that the following is a true copy of resolution adopted by the Board of Commissioners of the city of Hoboken at the meeting held February 10, 1925.

Very respectfully,

[SEAL.]

D. A. HAGGERTY, City Clerk.

Resolved, That Congressman JOHN J. EAGAN be urged to impress upon Members of the House of Representatives the inadvisability of their granting leave under special rule to bring before them at this present session of Congress Senate bill 2287, having for its purpose authorization to the Secretary of War to sell to port authority capital

stock of Hoboken Shore Road now owned by United States, which transfer of ownership is likely to deprive city of Hoboken of tax ratables now available, and urging that action on said bill and the Mills bill, 7014, be deferred at present session of Congress, inasmuch as Legislatures of New York and New Jersey have commissions investigating tax questions relating to property acquired by port authority, which commissions are to report to present sessions of New York and New Jersey Legislatures.

Under date of February 3, I have this telegram from the corporation attorney of Hoboken which I wish to insert in the RECORD. Mr. Speaker, I ask unanimous consent that I may insert it.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to extend his remarks by the insertion of the telegram referred to. Is there objection?

There was no objection.

The telegram is as follows:

HOBOKEN, February 3, 1925.

Congressman JOHN J. EAGAN,

House of Representatives, Washington, D. C.:

Your second telegram of 2d instant received to-day. Propagandizing such as resorted to by port authority through medium of citizens union and others is manifestly reprehensible in view of fact that drive clearly disregards interest of Hoboken, tax rate of which, according to report published by National Municipal Review based on statistics collated by Detroit Bureau of Governmental Research, shows Hoboken's 1924 tax rate highest of all cities throughout United States. This condition is primarily caused by Government acquisition of former North German Lloyd and Hamburg-American Steamship piers and withdrawal thereof from taxation.

Hoboken's tax rate is now nearly 5 per cent, whereas before war it averaged annually between 2 and 3 per cent.

Excerpts from Governor Silzer's message to legislature now in session which resulted in appointment of commission are as follows:

"The most important question at present is that of taxation. Whether the property of port authority shall be taxable at all, or, if taxable, by whom, and to what extent, is not fixed in the treaty creating the commission. If the courts shall hold that port authority is a governmental agency, an arm of the Government, then, of course, it and the property acquired by it, under our laws, would not be taxable.

"On the other hand, this question of taxation is important to the municipalities in both States. A concrete example has arisen in Hoboken over the proposition to take over the Hoboken Shore Line Railroad, and the suggestion of ownership by the port authority of the now Government-owned untaxed docks and piers, which were formerly private property, sharing in the local tax rate. The local municipalities can not be stripped of an undue proportion of ratables.

"So the tax question must be seriously studied by all concerned, and an immediate policy must be determined upon which will be fair to the municipalities. Committee to consider the problem and determine upon a plan, then confer with like representatives from New York, and finally, if necessary, present the result to the States and to Congress for its confirmation. Action now is necessary if we would progress."

As stated in my dispatch of yesterday, there is no urgency for passage of Mills or Wadsworth bills at present session of Congress. Pending action of New York and New Jersey Legislatures on municipal tax question, matter can be satisfactorily adjusted if due deliberation, consideration, and tolerance be exercised.

JOHN J. FALLON, Corporation Attorney.

I have here a copy of the senate joint resolution No. 5, State of New Jersey, introduced January 27, 1925, which I read:

Senate joint resolution No. 5

STATE OF NEW JERSEY

Joint resolution, introduced January 27, 1925, by Mr. Case, constituting a commission to investigate the relationship between the port authority and the respective municipalities wherein is situated property of the port authority and particularly the subject of taxing such property; to confer thereon with a similar commission when and if appointed by the State of New York and to report its findings to the legislature

Be it resolved by the Senate and General Assembly of the State of New Jersey—

1. A commission of seven persons of whom two shall be named by the governor, two shall be members of the senate, named by the president of the senate, two shall be members of the assembly, named by the speaker of the house of assembly, and Julian Gregory, now chairman of the port authority, is hereby constituted, and the said commission is authorized and directed to investigate the relationship between the port authority and the respective municipalities wherein is situated property of the port authority and particularly the subject of taxing such property and whether such property shall be taxed, and if so to what extent; with authority to confer with a similar commission of the State of New York when and if such shall be appointed.

2. Said commission shall report its recommendations and findings to the present session of the legislature.

3. This resolution shall take effect immediately.

The corporation attorney of the city of Hoboken is naturally anxious to protect the city in the matter of taxes beyond all possible question. He contends that since there are Federal decisions which hold that any instrumentality of the Federal Government which is operating in behalf of the Federal Government can not be taxed, there is the possibility that the Port of New York Authority is such instrumentality of the Federal Government or may subsequently be held to be such instrumentality, and that in that event Hoboken would lose the taxes on the Shore Line Railroad and the other property which this bill seeks to convey to the port authority, and that such loss in taxes, together with the vast amount which the city has already lost and is still losing each year on the pier properties and will continue to lose while the fee to such properties remain in the United States, will be absolutely ruinous to the city of Hoboken.

Repeatedly during the hearings before the House Committee on Military Affairs on S. 2287 and H. R. 7014 I tried to get an expression of opinion from the counsel for the port authority, Mr. Julius Henry Cohen, but Mr. Cohen would not express the opinion that the port authority was not a Federal instrumentality.

Mr. Speaker, in the brief time at my disposal I want to give you a short history of Hoboken's tax problem.

You will recall that on the night war was declared the German steamship properties at Hoboken were seized by the Federal authorities.

Under the act of Congress approved March 28, 1918, the United States on June 28, 1918, under proclamation of the President, as authorized by the act of March 28, 1918, took title to these properties.

The act of March 28, 1918, was one of the great urgent deficiency acts passed by the Congress during the prosecution of the late war. It carried appropriations in excess of \$730,000,000, most of it being for appropriations necessary in the conduct of the war.

An amendment to the bill provided for the acquisition by the United States of the pier properties and for vesting title thereto in the United States. It was put on in the Senate without any opportunity having been afforded to the officials or citizens of Hoboken to be heard. There was practically no debate on the amendment.

I was one of the conferees on the part of the House on this bill and signed the conference report only on the solemn assurances of the conferees that full justice would be done to the city of Hoboken as soon as practicable after the conclusion of the war in the matter of the taxes on these properties. I accepted the assurances of my fellow conferees in good faith—I am sure they were made in good faith—and that the Congress is bound by those assurances.

For six years we have been knocking in vain at the doors of Congress for relief. We have lost more than \$3,000,000 in taxes on the pier properties, and our loss is growing at the rate of about \$500,000 a year.

Hoboken is less than a mile square, with a population of about 70,000. It is in a desperate financial condition. Its tax rate is now one of the highest, if not indeed the highest, of any city in the United States.

I am convinced from the efforts which have been made by myself and others in Congress during the past six years that Hoboken will get relief in the matter of the taxes on the pier properties only when these properties are turned over to private ownership or substantial relief when the pier properties are sold by the Federal Government to the city of Hoboken.

The Hoboken Shore Line Railroad property adjoins these pier properties and both properties should be under one ownership. As a matter of fact, the Port of New York Authority hopes at some time or other to acquire the pier properties if it acquires the Hoboken Shore Line Railroad.

In view of all of these facts, you will readily understand, gentlemen of the House, why the corporation attorney and the officials of the city of Hoboken are opposed to this hasty action in the disposal of the Hoboken Shore Line Railroad.

Hoboken is my native city. I have lived there or within a mile of it all my life. I am a taxpayer there. I know how grievously she has suffered. I appeal to you to grant her prayer for delay by voting down this rule.

Mr. SNEELL. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. WAINWRIGHT].

Mr. WAINWRIGHT. Mr. Speaker, I simply desire to call the attention of the House to the attitude of the Secretary of War on this project, as appears in his letter to the Military Affairs Committee. I read the following from that letter:

If it is the will of Congress that in the public interest the sale should be made to the Port of New York Authority and that its bonds be accepted in payment, I desire express authorization as given in the bill.

In other words, it is manifest that the Secretary would interpret the passage of this bill as expressing the will of Congress and as directing him to make this sale.

Mr. LA GUARDIA. Will the gentleman give the date of that letter?

Mr. WAINWRIGHT. That is from the letter referred to by the gentleman from New York [Mr. SNEELL] and is dated February 28, 1924.

Mr. BURTNESS. Is or is not the Secretary of War, as the gentleman construes it, in favor of the legislation? Does he not at least doubt the advisability of the wisdom of the proposed legislation?

Mr. WAINWRIGHT. I will say to my distinguished colleague from North Dakota that I am not further informed, than as expressed in his letter to the Military Affairs Committee, as to what the personal views of the Secretary may be.

Mr. SNEELL. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. MILLS].

Mr. MILLS. Mr. Speaker and gentlemen of the House, I hope if the rule is adopted to go into the proposition in more detail than I can at the present time. I want now simply to answer what has been advanced by my colleague from New York [Mr. LA GUARDIA] in opposition to this measure. He seems to suggest as a great discovery that an offer of \$1,000,000 in cash is a better offer than \$1,000,000 in bonds. Well, of course it is, and if it were not a much better offer we would not be here to ask for this legislation. One million dollars in cash is so much a better offer than the Secretary of War would not feel authorized in turning down \$1,000,000 in cash and selling the property for bonds. But, gentlemen, it is not simply a question in this case of dollars and cents. It is a question as to whether the public interest can better be served by turning over this railroad to the public authorities or selling it to a private corporation, and in order for you to judge that question it is necessary to consider a little the situation which exists in New York City. But let us get this one fact clearly in our minds: If you vote for this bill and it goes through, the Secretary of War will consider it as authority to sell this road to the public agencies of the States of New York and New Jersey; but if you vote it down, he will then find himself in a position where he will have to sell it to the Lackawanna Railroad, a private corporation.

Now, what is the port authority? The port authority is a commission created by treaty between the States of New York and New Jersey to develop the port of New York by cooperative action between the two States. It is, therefore, a public municipal agency appointed by the two States in accordance with a treaty ratified by Congress.

The legislation creating the port authority directed it to prepare a comprehensive plan for the development of the port of New York, and in accordance with that authority it prepared a comprehensive plan for the development of the port of New York which it submitted to the legislatures of the two States, which ratified the comprehensive plan, and that agreement by the two States was, in turn, in 1922, ratified by this Congress. That comprehensive plan provided, among other things, that the terminal operations within the port district, so far as economically practicable, shall be unified.

To-day we have 12 trunk lines serving the metropolitan area and port of New York that are only partially connected by belt lines and that are operating, for the most part, as individual terminal units. The water-front property with two exceptions, these German piers and what is known as the contemplated Cunard piers, are the only two pieces of property along the shore of the Hudson on the Jersey side that are not to-day controlled by individual railroads, and if the Lackawanna Railroad buys this last remaining piece of property the 12 trunk lines will own all of the water-front property and the public authority will be excluded for all time.

Mr. EAGAN. Will the gentleman yield?

Mr. MILLS. I can not yield until I have completed this statement. That is why I venture to say that this bill involves vast public interests which transcend in importance the difference in value between 4 per cent bonds and \$1,000,000 in cash.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. MILLS. I can not at this time.

Mr. LA GUARDIA. But I yielded to the gentleman.

Mr. MILLS. Now, running along this shore front of Hoboken is what is known as Belt Line No. 13, a belt line extending for some 16 miles from Bayonne to Edgewater, owned by the Erie Railroad, the New York Central through the West Shore, and by the Lehigh Valley. That is the belt line with which

this little Hoboken shore line connects. Until the port of authority came into being each one of those railroads was operating its share of Belt Line No. 13 as an independent terminal unit. And let me tell you, gentlemen, what was happening in those days. In some cases cars traveled 187 miles instead of a practicable distance from origin to destination of 42 miles and consumed five days on the journey. Other shipments traveled 115 miles instead of a practicable distance between origin and destination of 8 miles; others traveled 107 miles instead of 19 miles; and others traveled 165 miles instead of a practicable distance of 16 miles. Why? Because when a railroad had a car to deliver at the terminal of another railroad, instead of delivering it on the belt line, with a short haul and merely a switching charge, it delivered it at the point where it could get the greatest mileage. As a result, instead of merely switching charges there were charges running anywhere from \$35 to \$240 for freight cars, just to get them transferred from 8 to 20 miles along the belt line.

Now, when the port commission came into being it made these facts public; it presented them to the Interstate Commerce Commission, and brought such pressure to bear on these railroads that they agreed not only to spend a half million dollars on Belt Line No. 13 but to put it under unified control, operate it under a single director, and make it available to all of the railroads, thus saving these excessive charges to the shippers and merely having switching charges.

Now, the only railroad, as I understand it, that would not cooperate with the port authority is the Delaware, Lackawanna & Western. A vote to sell this important little link in Belt Line No. 13 is a vote in favor of a return to the conditions which I have described; a vote in favor of giving a private monopoly authority to impose upon the general public in such a way as I have described; and a vote to deny the request, which has been formally made by the governors of the two States in the public interest, to turn over this little terminal road to their public authority, rather than to barter it away to a private corporation for a little more gain.

When I get a chance, as I hope I will after the rule has been adopted, I propose to put into the Record the letters and telegrams of the governors of the two States. I propose to put into the Record the testimony of so distinguished an expert as General Goethals as to the value back of these bonds. I propose to discuss the question as to whether the United States Government will be amply secured, and it will be amply secured, and I propose to discuss the question which my friend, the gentleman from New Jersey, has raised, that of taxation.

In connection with that last point, I only want to say this now, and I think the gentleman from New Jersey [Mr. EAGAN] will admit it. In so far as that particular transaction is concerned the question of taxation does not really arise.

Mr. EAGAN. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. EAGAN. I said very distinctly that there is other property of the corporation that is not covered by this proposed transaction so far as the port authority is concerned.

Mr. MILLS. Let us understand that. The railroad and the property owned by this railroad are to-day paying taxes to the city of Hoboken.

Mr. EAGAN. I so stated.

Mr. MILLS. And the railroad and the property owned by the railroad, if transferred to the port authority, will continue to pay taxes to the city of Hoboken.

Mr. EAGAN. I hope so.

Mr. MILLS. We not only have the assurance of the members of the port authority to that effect, but the question is specifically covered in this bill, and if you gentlemen will turn to page 4 you will see that we say:

And provided further, That nothing in this act shall be construed as relieving or exempting the property acquired hereunder by the Port of New York Authority from any municipal taxes.

We put that in at the request of the city of Hoboken so as to amply protect them in so far as this particular transaction is concerned. The only thing we did not grant them was the request which they made that we should use this bill as a vehicle in which to put a general provision going back to the action of Congress in 1921 and 1922 in ratifying the two treaties and declaring what their intention was in ratifying those two treaties in respect of the subject of taxation.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. MILLS. We protected Hoboken in so far as this particular transaction is concerned, not only by the definite pledge of the port authority commissioners but by writing this provision into the law, and the only request that we denied them

was to interpret the intention of Congress in respect of action taken in 1921 and 1922.

Mr. LA GUARDIA. Will the gentleman yield on the question of taxation?

Mr. MILLS. I decline to yield.

We did it so thoroughly that Judge Haight, one of their most distinguished lawyers, representing the biggest taxpayer in the city of Hoboken, the Stevens Estate, paying one-tenth of their taxes, appeared before the Committee on Military Affairs and said that in so far as he was concerned, the language contained on page 4 amply protected the city of Hoboken in so far as the question of taxes is concerned.

Some gentleman facetiously remarked that it was strange to find my colleague from New York [Mr. SNELL] and myself on the side of public ownership. Generally speaking, of course, I do not believe for one single minute that a railroad can be as advantageously operated from the standpoint of the public by a public corporation rather than by a private corporation.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. MILLS. I decline to yield.

But when I find this situation existing where the water-front property in one of the greatest ports in this country is gradually being absorbed by the great railroads of the country until only one or two little parcels are left, and that one of those parcels is connected with a belt line that connects up all of the great trunk railroads with that one last remaining parcel, and when I happen to find that little connecting railroad and that particular parcel of land in the hands of the Government, and I am asked whether I shall complete the monopoly by transferring that last particular parcel to private interests or respect the request of two great States that it be turned over to a public body in the public interest, then, gentlemen, so far as I am concerned. I see no question of public or private operation, but only the general public good, and that is on the side of the States and against the eloquent gentlemen who plead here this afternoon to turn over this piece of property to the Lackawanna Railroad.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. LA GUARDIA. On page 10 of the report of the port authority is this language:

Yet to enact general legislation subjecting the port authority to local taxes might have serious consequences upon the future success of the port authority.

Mr. MILLS. The gentleman knows that question is one which the legislatures of the two States are considering.

Mr. LA GUARDIA. Will the gentleman yield again?

Mr. MILLS. No; I am going to answer your last question.

They have two committees to consider the whole question whether property held by port authority shall be taxable by the municipality or not. I venture to say there is not a single Member of Congress who will say that that is not properly a question for the commonwealth of the States of New York and New Jersey as to how their municipalities shall tax property within their limits. That is what we are asking you to do; we are asking you to express the opinion of this Congress that this property shall not be exempt from taxation as far as any action of Congress is concerned, but leave the whole question of taxation where it properly belongs, to the States of New York and New Jersey.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. LA GUARDIA. Can the gentleman inform us how much water front the New York Central owns in the port of New York?

Mr. MILLS. I can not tell the gentleman, all told.

Mr. LA GUARDIA. It owns a great deal, and we have not heard from any champion of the New York Central—

Mr. MILLS. If the gentleman alludes to me as the champion of the New York Central, I have not championed the New York Central in connection with this or any other measure.

Mr. BLANTON. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. BLANTON. The gentleman says that the Government would have first-class security; that is what bothers me. The gentleman, who is one of the best financiers in the United States—would he take over these bonds?

Mr. MILLS. Yes; I want to say that I think the port authority bonds, with their tax-exempt feature, will be a good security.

Mr. BLANTON. How about the bonds without the tax-exempt feature?

Mr. MILLS. But they have the tax-exempt feature.

Mr. SNELL. Mr. Speaker, I move the previous question on the resolution.

The question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and there were on a division (demanded by Mr. LAGUARDIA)—ayes 103, noes 31.

So the resolution was agreed to.

Mr. WAINWRIGHT. Mr. Speaker, I move that the committee resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2287) to permit the Secretary of War to dispose of and the Port of New York Authority to acquire the Hoboken Manufacturers' Railroad.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from New York yield?

Mr. WAINWRIGHT. Certainly.

Mr. GARRETT of Tennessee. I do not think the rule provides who shall control the time. Does not the gentleman think it would be well to arrange before we go into Committee of the Whole House to provide for that?

Mr. SNELL. Yes; I think it would. I supposed members of the Committee on Military Affairs will control the time.

Mr. WAINWRIGHT. I am not aware of any member of the committee who is opposed to the bill.

Mr. GARRETT of Tennessee. I will suggest, if the gentleman will permit, that the time in favor be controlled by the gentleman from New York [Mr. WAINWRIGHT] and the time against be controlled by the gentleman from Texas [Mr. GARRETT].

Mr. WAINWRIGHT. That will be satisfactory to me.

The SPEAKER. The gentleman from New York asks unanimous consent that one half of the time be controlled by the gentleman from Texas [Mr. GARRETT] and the other half by himself. Is there objection?

There was no objection.

The motion of Mr. WAINWRIGHT was then agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. TILSON in the chair.

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. The gentleman from New York asks unanimous consent to dispense with the first reading of the bill. Is there objection?

Mr. LAGUARDIA. I object.

The CHAIRMAN. The gentleman from New York objects; and the Clerk will read the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized, for such sum and on such terms and conditions as he may deem best, to sell to and dispose of, and the Port of New York Authority is authorized to acquire from the Secretary of War, the stock of the Hoboken Manufacturers' Railroad Co., said corporation being the lessee of the line known as the Hoboken Shore Road, now constituting part of Belt Line No. 13 in the comprehensive plan for the development of the port of New York, adopted by the States of New York and New Jersey under chapter 43, Laws of New York, 1922, and chapter 9, Laws of New Jersey, 1922, and ratified and confirmed by the Congress of the United States by Public Resolution 66, Sixty-seventh Congress; and the Secretary is authorized and empowered to take and accept in lieu of cash the bonds of the said Port of New York Authority, secured by such lien as the Secretary in his discretion may determine is proper and sufficient; and upon such acquisition the said railroad shall continue to be operated in intrastate, interstate, and foreign commerce and in accordance with the provisions of the said comprehensive plan for the development of the port and the improvement of commerce and navigation: *Provided*, That the operation of said railroad in intrastate, interstate, and foreign commerce shall be subject to the jurisdiction of the Interstate Commerce Commission in the same manner and to the same extent as would be the case if this act had not been passed: *Provided further*, That the Secretary shall attach such conditions to such transfer as shall insure the use of such railroad facility by the United States in the event of war or other national emergency: *Provided further*, That in order to facilitate the interchange of freight between rail and water facilities, such railroad, if acquired by the Port of New York Authority hereunder shall be operated in coordination with the piers and docks adjacent thereto so long as said piers and docks are owned and operated by the United States Government or by any agency thereof, or by any corporation a majority of whose stock is owned by the United States: *Provided further*, That if the Port of New York Authority fails to agree upon terms and conditions of sale which are considered satisfactory by the Secretary of War, he is hereby authorized to sell and dispose of the stock of the Hoboken Manufacturers' Railroad Co. or all or any part of the real and personal property of the Hoboken Manufacturers' Railroad Co. to any

purchaser or purchasers upon such terms and conditions as he may deem best, subject, nevertheless, to the provisos hereinabove stated: *Provided further*, That if the Secretary of War shall deem it to be in the public interest that any real or personal property owned by the said Hoboken Manufacturers' Railroad Co. not connected with the railroad itself should be separately disposed of or held for later disposition, he is hereby authorized to cause such property to be transferred from the said Hoboken Manufacturers' Railroad Co. to the United States, and thereafter to sell the same upon such terms as he deems best, or if more expedient, he is hereby authorized to form a corporation to acquire such property, and is authorized to cause such property, or any part thereof, to be transferred from the said Hoboken Manufacturers' Railroad Co. to such new corporations so organized and to accept in place thereof the stock of such new corporation, and to hold the same until such time as he secures what he shall deem to be a fair and reasonable price for such property, at which time he is authorized to sell said property in whole or in part or the stock in the said new corporation to which such property is transferred on such terms and conditions as in his judgment will best promote the public interest, and the Secretary of War is further authorized to make and impose any terms, conditions, or reservations necessary to effectuate the purpose hereof, and to enter into such contracts as will effectuate the same: *And provided further*, That nothing in this act shall be construed as relieving or exempting the property acquired hereunder by the Port of New York Authority from any municipal taxes or assessments for public improvements, and nothing herein contained shall be construed as an expression on the part of the Congress as to whether the States of New York and New Jersey, or either of them, should relieve or exempt the said Port of New York Authority from taxation or subject the said port of New York or any of said property to taxation.

Mr. WAINWRIGHT. Mr. Chairman, I yield myself five minutes.

Mr. GARRETT of Texas. Mr. Chairman, I want to yield my control of the time to the gentleman from New York [Mr. BOYLAN].

Mr. WAINWRIGHT. That will be agreeable to me.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that he may yield the control of the time to the gentleman from New York [Mr. BOYLAN]. Is there objection?

There was no objection.

Mr. WAINWRIGHT. Mr. Chairman, and gentlemen of the House, the only question involved in this bill is whether Congress is willing to accede to the joint requests of the States of New York and New Jersey as expressed in the resolutions of the legislatures of those States, and also of this public agency which has been established by the joint action of the two States and whose comprehensive plan for the development of the commerce of the port of New York has been ratified and approved by Congress.

The Port of New York Authority is not a private agency. It is not a private corporation. It is a public or governmental agency—an arm of the governments of the States of New York and New Jersey, and in a sense an arm of the Government of the United States. The only question is this: This little railroad connecting the Hoboken piers with the railroads' terminal at the shore front is one of the utilities acquired by the Government during the war which still remains in its hands. The Government of the United States has no further need for it, no particular interest in retaining it. Its only interest, which is provided for in this bill, is that in the event of another war it should revert to the Government; also that it should be disposed of to good advantage.

Now, as the Government has no further need for it, the question is whether it shall sell it at public auction or by private negotiation. In either case it would fall into the hands of one of the railroads entering the port of New York on the Jersey side—in all probability to the Delaware, Lackawanna & Western Railroad Co. The question really is whether we shall give that railroad a monopoly of the contact between the great Hoboken piers and all the railroads, or whether we shall turn it over to public agency charged with the duty of developing the facilities of the port of New York, and increasing and developing its commerce. It seems to me that that question answers itself.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. WAINWRIGHT. I prefer to finish my statement. In other words, it is more in the interest of the public, more in the interest of the people generally; yes, of the people of the whole country, that this railroad should remain under public control and under public ownership than that it should be turned over to any individual railroad company and, in effect, put to private uses. If that question is answered, then the further question arises as to the consideration.

It is true that the Delaware, Lackawana & Western Railroad Co. has offered the Secretary of War a million dollars in cash for the road. But the port authority offers the same amount, payable, however, not in cash, but in the form of its first mortgage bonds, secured by a lien on the property. As the gentleman from New York [Mr. MILLS] has stated, there can, of course, be no question but that the cash offer would appear at first sight more in the interest of the Government. But the question is really whether the advantage to be derived by the people of the United States from continuing this railroad in public ownership and operation under the conditions in question is sufficient to overcome the difference in advantage between a payment in cash or the acceptance of these bonds in lieu of cash. I assert, and it was, I believe, the unanimous opinion of the Committee on Military Affairs, that the public considerations involved were amply sufficient to justify taking the bonds.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. WAINWRIGHT. Yes.

Mr. McKEOWN. I am in sympathy with the proposition of its not going into private hands; but the question I want to know is, where is the lawyer who says that a corporation without being incorporated, merely existing under a treaty agreement between two States, can issue bonds of any denomination?

Mr. WAINWRIGHT. The gentleman should get the idea of a corporation out of his mind in thinking of this Port of New York Authority. It is not a corporation in any sense. It is an agency of the two States.

Mr. McKEOWN. I want to know whether they can issue bonds—what legal authority they have to issue bonds.

Mr. MILLS. The law which created it specifically authorized it to issue bonds.

Mr. McKEOWN. Under what agreement? Has it ever been held by a court that a mere agreement between two States creates a power to exercise the functions of a corporation and issue obligations?

Mr. WAINWRIGHT. The joint identical acts of the States of New York and New Jersey confer upon this public agency the right to acquire and to operate properties and issue its obligations in payment for them. As far as the security for these obligations is concerned, the railroad itself would be abundant security; but there is no question but that in the future this port authority will acquire and develop many other properties which will be in its ownership and control upon which these bonds will be a lien. There should be little question about the sufficiency of the security of the mortgage under which these bonds are issued.

Mr. BLANTON. What about these \$18,000 salaries that the gentleman from New York tells about?

Mr. WAINWRIGHT. In view of the request from these States, of the manner in which this matter comes before us, and in view of the public interest involved, there can be no valid reason for voting against this bill, and I sincerely trust that it will receive the approval of this committee and of the House.

Mr. LAGUARDIA. The gentleman is the author of the bill. Is it the intent of the bill to enact a direction to the Secretary of War or simply an authorization for him to act in his discretion?

Mr. WAINWRIGHT. This bill by its terms merely authorizes the Secretary; but as I stated during the debate upon the rule, the Secretary undoubtedly would interpret the passage of this bill as an expression of the will of Congress and in effect a direction to him to make this transfer.

I yield 10 minutes to the gentleman from New York [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman, this bill really dates back in its history to the war. Within the port authority there are 9,000,000 people, but that is not so important as the fact that during the war we found that the freight from this country was piled up for 50 miles outside of the city of New York, and we could not get our aid to the Allies and our supplies for ourselves in the time within which they were required. Alfred H. Smith, the president of the New York Central Railroad, was in charge of our transportation service, and he told me during the war that he had word from Marshal Haig and from Marshal Foch that unless we were able to speed up our supplies the war was lost. Why was that? It was because down in the city of New York we sent all of our freight through the congested part of the city, right down in the very heart of New York. We had no facilities to send through freight around the city, and the port authority was established with this idea, which has crystallized throughout the United States and has

been the most important advance in railroading within the United States within the present generation.

Mr. CLEARY. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. In a moment. That advance is this: We find that a freight car travels in the country 13 miles a day and that it travels through a congested center but 1 mile a day. The whole art of making railroad facilities better than they have been, the most important advance in railroading in the present generation, is the sending of through freight around instead of through congested centers, and the port authority was established with the idea of utilizing that idea in freight-handling facilities and of simplifying and making less expensive the distribution of freight in the metropolitan or port area. It was established with the idea of connecting up all of the railroads in the port of New York area and all of the water facilities, so that there might be a complete interchange, and the gentleman from New York [Mr. CLEARY], who is now asking me to yield, knows that in furtherance of that plan the Committee on Rivers and Harbors, of which he was for a long time a very able member, granted deep water to the New York and New Jersey channels and to Newark Bay and Jamaica Bay, so that we might furnish the water facilities for this system. The port authority is going to link up by best-line railroads, by tunnels, and subways all of these railroads that come into the city of New York and into the port area in New Jersey, a dozen of them, with the waterways, so that we will send freight bound for Europe around New York and take freight from Europe, not bound for the city of New York, around New York to the interior of the country.

Mr. BLANTON. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. SNELL. Will not the gentleman please withdraw that for the present. Let us run along for a while.

Mr. BLANTON. This is Saturday afternoon.

Mr. SNELL. That is all right; but if the gentleman insists upon it we will have to call the Members back.

Mr. BLANTON. Does the gentleman expect to finish this debate and pass the bill to-night?

Mr. SNELL. We would like to run along as long as we could.

Mr. BLANTON. How long?

Mr. SNELL. We want to run until 5 o'clock.

The CHAIRMAN. Does the gentleman insist on his point of no quorum?

Mr. BLANTON. I withhold it with the understanding that they are going to quit at 5 o'clock.

Mr. SCHAFER. I suggest that we should have—

The CHAIRMAN. The gentleman from New York has the floor. Does the gentleman yield?

Mr. SCHAFER. I make a point of order of no quorum, and I suggest that inasmuch as this bill departs from the pledges of the last Republican platform, and in view of the absence of a considerable number of regular Republicans—

Mr. RAMSEYER. Mr. Chairman, I make the point of order that the gentleman is out of order.

The CHAIRMAN. Does the gentleman insist on his point of order?

Mr. SCHAFER. I do.

The CHAIRMAN. The Chair will count.

Mr. SCHAFER. Mr. Chairman, I will withdraw the point of order, as I understand we are only going to continue until 5 o'clock.

The CHAIRMAN. The gentleman from New York.

Mr. DEMPSEY. Mr. Chairman, the port authority was established by the two great States of New York and New Jersey because it was agreed, and it is perfectly plain, that some unified authority, some authority which had to deal with the port of New York as a whole, should carry out a system of unifying that port and making it possible to carry through freight otherwise than through the congested part of the city and distribute local freight in the simplest and most economical way, and that in no other way could the port be properly utilized.

Mr. CLEARY. That is the question I wanted to have understood. Will the gentleman yield?

Mr. DEMPSEY. Very briefly.

Mr. CLEARY. I just want to say for 50 years I have been in New York and saw every carload, every boatload and every ton of freight surrounding the whole Manhattan Island going to every place it wanted to go by water, kept off the streets so as to avoid congestion, and that the same condition prevails now, and there are tens of thousands of tons of freight being distributed in that way in the port of New York. In that way they could go in any way they wanted to any pier they wanted to go.

Mr. DEMPSEY. I decline to yield further. Now, if the gentleman pleases, the purpose of giving deeper water through the New York and New Jersey channels and Newark Bay was to enable the seven great railroads which come into Newark to have facilities to distribute their freight direct to the steamships and receive freight direct from the steamships. The question here is not simply a question of selling this short-line railroad direct to a railroad, or selling direct to the port authority. The question is, which of those two will help to unify the port of New York and make it so that it will be possible to do two things—to avoid congestion in that port and to distribute through freight in the port around the city and not send it through the congested part of the city. Of course, each railroad will act in its own interest. It is interested simply in operating its own lines, and properly so, to the greatest advantage and the greatest profit. The port authority is interested in the whole port of New York in so receiving, handling, and forwarding freight as that it can go with the greatest facility and at the least cost. It has that one object to accomplish. It does not serve any particular interest. It is not trying to operate like a single railroad, but is trying to utilize the whole port to the greatest advantage. For instance, if freight comes into the port through New Jersey it is interested to distribute that freight without sending it by lighter over to the city of New York, unless that is its ultimate destination, but by loading direct on the Newark docks on steamships bound for Europe or sending it elsewhere directly and at the least cost to its destination.

Mr. McKEOWN. Will the gentleman yield?

Mr. DEMPSEY. Briefly.

Mr. McKEOWN. What is the corporate length of life of this particular organization?

Mr. DEMPSEY. I imagine it is 99 years, which is the usual length. Now, I want to come to just one other question. First, there can be no question that the port authority, which is incorporated with the sole purpose of unifying the port, lessening costs of distribution, and avoiding congestion, will do this work better than a single railroad, which has only its own interests in mind. The only other question is the question of security. Let us examine that. There are 1½ miles of railroad. We are going to deepen the water of Newark Bay to-day, and there will in the near future be much more freight on the Jersey side than in the past, and this railroad, by reason of increased earnings and through the growth of its business, will be worth much more than it is to-day. It is going to increase in value hugely in 10 years. We will not have to wait 30 years, which is the life of the bonds which are to be given in payment. At the end of 30 years it will be worth three or four times the amount of the bonds, and back of that are two other things. First, the port authority is going to expend five or six hundred million dollars in unifying the port, and it will have an unquestionable responsibility. And beyond all increase in the value of the railroad, beyond the responsibility of the port authority, the moral responsibility to the two great States of New York and New Jersey will be back of these bonds.

The port authority is only their agency, acting for them, carrying out their desires, unifying this port, simplifying and cheapening the cost of transfers in and of transportation through the great city of New York, making it possible for this great country of ours to supply those 9,000,000 people who live there with their daily needs.

Mr. LA GUARDIA. Mr. Chairman, is it the gentleman's understanding of the bill that this is a direction to the Secretary to take the bonds or simply to authorize him to do so, in his discretion?

Mr. DEMPSEY. I think it is a direction, because the Secretary has said he would not assume the responsibility of doing this without the sanction of Congress. There is no doubt but that the Secretary will interpret it as giving him the authority that he did not want to assume.

Mr. LA GUARDIA. Is it directory or mandatory?

Mr. DEMPSEY. Oh, any man can read the language and see that the language is only permissive. The gentleman can read that as well as I can. But it will be interpreted as a direction and as the authority of Congress, and the Secretary will act upon it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SNELL. Mr. Chairman, I yield to the gentleman one more minute.

The CHAIRMAN. The gentleman from New York [Mr. DEMPSEY] is recognized for one minute more.

Mr. FAIRCHILD. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. FAIRCHILD. I want to make a suggestion, that the letter of February 11, 1925, written by the Secretary of War to my colleague from New York [Mr. LA GUARDIA], who asked the gentleman the question, shows that the Secretary of War himself used the words "direction" and "authorization" as interchangeable terms.

Mr. DEMPSEY. There is no doubt about that.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. Yes.

Mr. McSWAIN. If it is merely permissive authority and the Secretary of War will not act upon it unless it is in so many words a direction, then the gentleman from New York should be satisfied. It would not harm him any.

Mr. DEMPSEY. Not in the least.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. BOYLAN. Mr. Chairman, I yield three minutes of my time to my distinguished colleague from New York [Mr. CLEARY].

The CHAIRMAN. The gentleman from New York is recognized for three minutes.

Mr. CLEARY. Mr. Chairman and gentlemen, I had not expected to inject myself into this argument, but when the distinguished gentleman who used to be my chairman was on the floor he made a suggestion to the effect that until you get this road you would not have any way by which to distribute this freight all the way around New York.

If you gentlemen would come up there and see what I have seen there ever since I was a boy, you would notice that every railroad entering New York has its docks and delivers its stuff to lighters in the boats in order to reach its destination quickly. There are hundreds of trains of freight going out and coming into New York every day. All the great electric light companies and the mills and the factories and the coal yards and all the flour mills are located principally on the water front so as to receive their goods without causing street congestion. That is all thrown on the water. The boats load thousands of tons of freight in the course of two or three hours—freight that the railroads have dumped in from above. This freight comes alongside of the ship, and even if it is thousands of tons of grain, it goes out in a few hours. That method of delivery is the quickest in the world. I have carried thousands of tons of freight at the rate of 15 cents a ton from New York to Hoboken. I would take a million tons to-day at 30 cents a ton. You could not cart it to the bridge to get it over on cars for this rate.

This thing will never trouble me any, because of the way New York has been built up beyond any city in the world or any other city in the United States, fully establishes the fact that it was built right, and it is doing its work right. It keeps the congestion off the streets.

The idea of the gentleman is amusing when he says they would bring the freight around to the ships on wheels of some kind. The boat goes over there within half an hour from the place where it receives its freight in New Jersey, and is alongside the ship, where it should be, in the water. That is the system, and you can not beat it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BOYLAN. Mr. Chairman, I yield two additional minutes to the gentleman.

Mr. BLANTON. Will the gentleman from New York now explain about the proposal to congest the streets of New York with trucks?

Mr. CLEARY. Yes. It is ridiculous. Of course, if I were a fellow having a large interest in a trucking company and wanted to create a monopoly, I would be in favor of that proposition. I have a clipping in my pocket showing that there is a proposition now pending somewhat along that line, coming from a great trucking company. There are hundreds of people in New York engaged in this business. The railroads have their lighters, and individuals have theirs, and it is a large business. They deliver this freight for miles and miles all over Brooklyn and all over Long Island.

I have carried it for 29 cents a ton from way down in New Jersey to New Haven, Conn., and was glad to get the contracts.

Mr. McSWAIN. Will the gentleman give us his mature judgment as to who should own this little short railroad, if anybody, other than the United States Government?

Mr. CLEARY. All I was answering—

Mr. McSWAIN. But please answer that question.

Mr. CLEARY. Was the necessity of having this in the interest of the commerce of New York. Somebody made the statement it was necessary in order to give New York its commerce and protect it. I say it is not. New York is doing

it the way it should be done and that is proven because New York has outgrown every city in the world. There is no better way of distribution than they have now, and it is all bunk to say you want the other. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. BOYLAN. Mr. Chairman, I yield three minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman and gentlemen, it is just such measures as this, put through Congress as this measure is being forced through Congress, that destroys the confidence of the American people in this legislative body. [Applause.] I say, gentlemen, that there is not a man here who can vote for this bill and on that record alone go before his constituents and ask reelection.

The Government of the United States now owns a railroad in Hoboken, N. J., 1.2 miles long; it was acquired during the war and we now have no need for it, and of course we desire to sell it. There are two customers, one a railroad company that offers \$1,000,000 in cold cash, the other customer is the Port of New York Authority, a corporation created by the two sovereign States of New Jersey and New York—to develop the great port of New York. This customer, the Port of New York Authority, comes here on their knees, with an empty pocketbook, and beg the United States Government to sell them the road on credit and do not propose to pay any part of the purchase price in cash, but they ask us to take their note for \$1,000,000, and the only security they offer is a mortgage on the property they are buying for the full amount of the purchase price. In other words, they ask the United States Government to act as a wet nurse for the Port of New York Authority. Why should not the States of New Jersey and New York advance this \$1,000,000? Those States entered into a treaty creating this corporation known as the Port of New York Authority for the development of that great port on a new and stupendous scale.

The gentleman from New York [Mr. SNELL], who is the chairman of the Rules Committee, has told us, and the gentleman from New York [Mr. WAINWRIGHT], who has just left the floor, has told us that the New York Port Authority expect to expend \$500,000,000 or \$600,000,000 in the development of this port. If that is so, why in the name of reason and common sense has not the Port of New York Authority enough credit to go into the great financial district of New York, the metropolis of the United States, and borrow \$1,000,000 with which to match the offer of the Delaware & Lackawanna Railroad Co.?

These port authorities need and want this railroad, but they want it without paying for it. It is ridiculous for men who pretend to be financiers to come in here and ask the United States Government to turn down an offer of a million dollars cash for this road and to accept \$1,000,000 mortgage back on the road. Why ask the United States Government to finance their project? If they want this railroad, why do not they offer the cash like the other bidder has done? This project is of such importance, my friends, that two sovereign States have entered into a solemn treaty for the development of this port and expect to spend \$500,000,000 or \$600,000,000 on it, and yet they come here pleading poverty and say to the United States Government, "You finance this proposition; you sell us this property, and for the entire purchase price take bonds maturing in 20 or 30 years." Why, gentlemen, it is ridiculous, and it is just this sort of legislation that destroys the confidence and the respect which the American people have in Congress. [Applause.]

Mr. LA GUARDIA. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. LA GUARDIA. Does not the gentleman know that the New York Central can get anything it wants in New York?

Mr. LOZIER. I do not know whether it can or not, but I do know this bill is a pernicious and indefensible piece of legislation. If these people want the Government's property, let them pay the cash for it.

Mr. LA GUARDIA. I will tell the gentleman it can.

Mr. O'CONNELL of New York. Not under the present administration in the city.

Mr. LA GUARDIA. But it can under the present administration in Congress.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BOYLAN. Mr. Chairman, I yield seven minutes to the gentleman from New Jersey [Mr. EAGAN].

Mr. EAGAN. Mr. Chairman and gentlemen—

Mr. DENISON. Will the gentleman yield for a question?

Mr. EAGAN. For a brief question, yes; because I have but little time.

Mr. DENISON. I would like to get this information: I would like to know whether under the law creating the Port of New York Authority that commission has conferred upon it the power of eminent domain? Can the Port of New York Authority enter condemnation proceedings to secure property if it wants to?

Mr. EAGAN. I am not sure; but I do not think it has the power of eminent domain.

Mr. DENISON. I would like to have that information from somebody.

Mr. LA GUARDIA. If the gentleman will yield—

Mr. EAGAN. I will yield.

Mr. LA GUARDIA. I will say it can not condemn property.

Mr. DENISON. I want somebody who knows to give me that information, because one gentleman has told me it can, while the gentleman from New York [Mr. LA GUARDIA] says it can not.

Mr. LA GUARDIA. I will say to the gentleman it can not.

Mr. EAGAN. Mr. Chairman and gentlemen of the committee, I think the speech of the gentleman from Missouri [Mr. LOZIER] who just preceded me is ample evidence of the unwisdom of forcing this legislation through in this hasty manner. I can not believe, if the results which the gentleman from New York [Mr. MILLS] has predicted will flow to the people of all of the country from the operations and activities of the Port of New York Authority are ever realized, that the Secretary of War will go ahead and deprive the people of the country of those wonderful benefits by disposing of the property to a private railroad corporation that might be opposed to the plan of the Port of New York Authority. I for one am willing to trust the Secretary of War to do the right, fair, and square thing. In the few minutes I had in the discussion of the rule, I explained the anxiety of Hoboken in this tax matter. And it is very natural that we should be concerned about it.

I do not think I stated in my remarks in speaking against the rule that in addition to the railroad proposed to be transferred to the port authority, there are 110 back lots, so called, which under certain conditions we may lose the taxes on. The gentleman from New York [Mr. MILLS] was surprised when I told him that the Senate bill authorized the Secretary of War to turn over this real estate to the United States. True, under the bill, if he deems it more expedient, he may turn it over to a corporation to hold the property, in which case I assume we would continue to get the taxes; but if the back lots and any other real estate of the Hoboken Manufacturers' Railroad should be turned over by the Secretary of War and the title vested in the United States, we would be in the same position exactly as to such property that we are in with regard to the pier properties and the taxes on those properties.

Mr. McKEOWN. Will the gentleman yield?

Mr. EAGAN. I yield.

Mr. McKEOWN. I have been trying to find out from somebody what authority to execute bonds or just what corporate power this so-called Port of New York Authority has. It is the strangest corporation I have ever had anything to do with, and I can not understand its powers.

Mr. EAGAN. I am not, of course, speaking for the Port of New York Authority, and I am not opposing it; nor am I holding any brief for the Lackawanna Railroad Co. I do not believe the officials of the city of Hoboken are opposed to the Port of New York Authority if this question of the taxes is absolutely settled in their minds. The Port of New York Authority is a creature of the States of New York and New Jersey by a treaty between the States ratified by the Congress, and it is that ratification that is one of the causes for our worry with regard to the matter of taxes.

Mr. McKEOWN. How are the directors elected and for what term did this treaty provide this organization should exist?

Mr. EAGAN. I do not know. I presume it is until such time as its existence may be terminated by subsequent legislation of the States.

Mr. McKEOWN. There is nothing, then, to prevent the State of New Jersey, if it saw fit, from abolishing the Port of New York Authority, so far as it is concerned, between now and the 30 years for which the bonds would run.

Mr. McSWAIN. There is the provision of the Constitution of the United States which denies to any State the right to impair the obligations of a contract.

Mr. EAGAN. At the proper time in the consideration of the bill under the five-minute rule I propose to offer amendments, the purpose of which will be to turn this railroad over to the city of Hoboken. In the annual report of the port authority issued under date of January 24, 1925, the port authority say that they are willing that this should be done. They say they

are willing that the property be turned over to the Shipping Board, to the Port of New York Authority, to the State of New Jersey, or to the city of Hoboken.

I believe the pier properties and this shore-road property should not be divided in ownership. It is not divided in ownership, of course, at the moment, because the United States Government has title to the piers and has the stock of this railroad company, and therefore owns the railroad. I think until such time as it is definitely decided what they are going to do with the pier properties we ought to postpone action on this matter of the shore road, and I think this matter is one that can very properly be delayed. I see no reason for all this haste, and, as I said before, I am perfectly willing to trust the Secretary of War to do the right and the fair and the square thing by all of the people of the country, and if the right and fair and square thing to do is to withhold the offering of this property at public sale until the whole question of taxes and all other collateral questions are decided, I am sure that the Secretary of War will postpone action until that time, if this bill is not passed.

Mr. WATSON. Will the gentleman yield?

Mr. EAGAN. I yield.

Mr. WATSON. Did the railroad company own the land in fee simple on which the tracks are laid or only have the right to lay the tracks upon the land?

Mr. EAGAN. The Hoboken Manufacturers' Railroad Co. is the lessee of the Hoboken Railroad, Warehouse & Steamship Connecting Co. under a 99-year lease, of which about 83 years are yet to run.

Mr. WATSON. Did they own the land in fee on which the railroad is built?

Mr. EAGAN. I believe a part of the land on which the road is built is owned by the lessor company; another part of the railroad is laid on one of the city streets.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. WAINWRIGHT. Mr. Chairman, may I inquire how the time stands?

The CHAIRMAN. The gentleman from New York [Mr. WAINWRIGHT] has 11 minutes and the gentleman from New York [Mr. BOYLAN] has 15 minutes.

Mr. WAINWRIGHT. I would like to say, Mr. Chairman, as I have only one more speaker, I would like to reserve my time and close the debate with the remaining speaker on this side.

The CHAIRMAN. The gentleman from New York [Mr. BOYLAN] has 15 minutes to yield.

Mr. BOYLAN. I would like to close this debate on my side, Mr. Chairman. I yield myself five minutes.

Mr. BOYLAN. Mr. Chairman, I was a member of the State senate in the State of New York when this port authority plan was first proposed in 1917. Year after year various reports were made to the legislature, and finally in 1921 a so-called comprehensive plan taking the entire portion of the port was adopted by the Legislature of New York over the protests of the city of New York. The distinguished gentleman who spoke here said that there were 9,000,000 people within the port limits. Yes; but 6,000,000 of those 9,000,000 people within the port limits were opposed to the creation of this port authority.

Mr. DEMPSEY. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. DEMPSEY. Was not Governor Smith in favor of it?

Mr. BOYLAN. The present Governor of New York was not governor when this was passed.

Mr. DEMPSEY. Was not Governor Smith always in favor of it?

Mr. BOYLAN. I hope the gentleman will not take up all of my time. The bill creating the port authority up to the time it was presented to the legislature was to contain a proviso that two members of the three appointed by the governor of the State would be recommended by the mayor and the board of estimates of the city of New York, but when the bill was presented to the legislature that clause was stricken out. The bill provided for the appointment of three members by the governor of the State.

The policy of the city of New York since 1870 has been to own its own water front. Practically all the water front of the old city is owned by the city of New York, because since the year 1870 up to the present time the city has taken over practically, by condemnation, the water front of the Borough of Manhattan, and after hundreds of millions of dollars have been put into that water front by the city, along comes the port authority and wants to dictate to the city of New York how it shall improve its water-front property.

This port authority has produced a so-called comprehensive plan. Why it is like reading a story from the Arabian Nights to go through the plan and see what is going to happen. I am not a prophet nor the son of a prophet, but I want to state here and now that within the lifetime of any man sitting within the sound of my voice or the lifetime of his immediate descendants I do not think this thing can ever be accomplished. You would want the wealth of a Croesus in order to do one-fifth or one-tenth of the things contemplated under this so-called comprehensive plan. As a sample illustration of part of the plan, there is to be an automatic railroad and by pressing a button in New Jersey you are going to send a train of electric cars under the Hudson River, without an engineer or conductor, into the sixth floor of a warehouse somewhere on the New York side of the port. [Laughter.] Ah, gentlemen, you would have to have the most fertile and vivid imagination, beyond that possessed by any Member of the House, to bring into realization the smallest fraction of this so-called comprehensive plan.

A distinguished gentleman from New York, an experienced boatman around the harbor of New York for the past 50 years, has designated this thing as being foolish beyond compare. The great people of the city of New York oppose this because we fear it is an entering wedge upon the splendid development that we have made at our own cost and expense. Without the city of New York the port authority is little or nothing; the Jersey shore is practically controlled by railroads entering the port. The city has within the last two years completed an extensive development on the water front of the Staten Island shore, the Borough of Richmond; it has built 12 magnificent piers, capable of taking the largest ship afloat, capable of docking ships 1,200 feet in length, all at its own cost and expense, without asking a dollar from the Federal Government.

Here is this magnificent water front going to be turned over to the port authority, a development that we have made at our cost and expense. Our docks, our harbors, can float to-day the ships of every nation in the world; they can ride in safety in its landlocked embrace. This development has been done at our own cost, without a dollar from outside source. We want to pass it on as a priceless heritage to those who come after us in the great metropolitan city. [Applause.]

Mr. DEMPSEY. Are not you developing at the present time a bay which is larger than all of the harbors that you have—are not you developing New York and New Jersey Channels and Newark Bay? When they are united, there will be three times what you have now.

Mr. BOYLAN. I am speaking of the city of New York and what it has developed. I am not speaking of what the Federal Government is developing. These propositions and projects are developed by the Federal Government and not by the city of New York.

Mr. DEMPSEY. Oh, no; they are in conjunction with the city of New York.

Mr. BOYLAN. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the gentleman from New York, my colleague [Mr. MILLS], wants to close the debate. This is a very simple business proposition. If the port authority is so necessary, is so sound in its purpose, and has the backing of the State of New York and the State of New Jersey to the extent described by the gentleman from New York [Mr. MILLS], why can it not raise the \$1,000,000 on its bonds and pay the United States Government in cash? Gentlemen, this is a fight between railroads. The gentleman from New York [Mr. MILLS] laments the fact that the railroads might get some water front in New York, that the New York Central and the Erie Railroad would be at a disadvantage if the Lackawanna got this. Why should the Lackawanna get it? Why should any railroad get it, directly or indirectly? The gentleman from New York served in the State legislature. I never heard of his introducing a bill or doing anything to stop the New York Central from getting water-front property in New York Harbor. The Erie Railroad wants to buy this property, but it has not the cash. Then this idea is conceived of letting the port authority take over the property and give its bonds for it. I am going to ask you gentlemen to at least support an amendment that will make it mandatory on the Secretary of War to separate the first mortgages and the Liberty bonds and the cash that he owns and not turn them over to the port authority for their worthless bonds, and when I say "worthless" I use the word advisedly. They have been in existence all of these years. They do not own a foot of property. They do not operate any terminals, any siding, any warehouse. They have no property and no credit. The very law that created this port authority specifically pro-

vided that it could not pledge the credit of the State or of any municipality thereof.

Mr. STEVENSON. Are these bonds to be secured by this property?

Mr. LAGUARDIA. One hundred per cent.

Mr. STEVENSON. Then the railroad is to be sold to the port authority on credit, and the Secretary of War is to take the bonds of the Port of New York Authority?

Mr. LAGUARDIA. Yes.

Mr. STEVENSON. And the bonds are secured by the property?

Mr. LAGUARDIA. Yes. But they would soon get rid of the Liberty bonds. I know this port authority. I was a member of the board of estimates for two years, and I had the port authority before me with their schemes and promises. To date all that they have produced are blue prints. The gentleman from New York [Mr. WAINWRIGHT] has absolutely delivered the Secretary of War. He said that if we passed this bill the Secretary of War is going to dispose of the property in accordance with the authority herein granted. I doubt it. I think the Secretary's letter is as clear as it is possible to write the English language. He says that he will not take the bonds unless he is specifically directed so to do.

There is no politics in this! Oh, no! There is never any politics in New York when the New York Central wants something! There is never any politics in New York when the Erie Railroad wants something! Do you see the unholy alliance? Here is my friend, the great leader of the Tammany delegation, the gentleman from New York, Mr. CAREW, constituting himself an able lieutenant of the gentleman from New York, Mr. MILLS, keeping his forces here on the front-line trenches, and they have been waiting here yesterday and to-day, notwithstanding the fine weather and the week-end. Of course, there is an alliance, as there always is in Albany when any of the railroads are concerned. I am not going to lose one bit of my stand for Government operation of public utilities by my attitude on this proposition. I think when the gentleman from New York [Mr. MILLS] gets on the floor of this House and advocates Government operation, and I come here and oppose it because it is a railroad scheme, that you had better look up our records and see who is acting sincerely.

Mr. BURTNESSE. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BURTNESSE. Would the gentleman oppose this bill if it provided for the payment of the purchase price in cash?

Mr. LAGUARDIA. I would not.

Mr. BURTNESSE. With the amendment that the gentleman suggests?

Mr. LAGUARDIA. I would not. I would vote for it. Let us strike out the provision authorizing the Secretary of War to take the bonds; let us say that he must take cash, and you will never again hear of the port authority.

That is all they have been dealing with; that is, paper and blue prints. I leave that to my friend from New York [Mr. CLEARY], who has had some experience with the port authority. He is not a manufacturer of ladies' underwear; he knows something about that transportation problem. Why, the gentleman from New York [Mr. MILLS] knows that this port authority had a conference, a breakfast. The bankers were invited and the financial interests were invited, and they explained this very scheme. They showed the maps and showed the blue prints and pictures, and the bankers turned them down flat. Why, the bankers told them plainly that they were not going to take their bonds; that without the indorsement of the State or municipality their bonds were no good. The bankers said that they, the port authority, did not have any credit, and they would not take their bonds. Then the port authority came to Washington. They sent this report with these pictures of railroads and warehouses, and they did not own any of these properties, they did not own a bit of it. It is misleading; it is misrepresentation pure and simple. The port authority is seeking to deceive you by sending out this report. They do not own one foot of the property which these photographs and pictures depict and which are in this report. Let the gentleman from New York say otherwise if he truthfully can. The question was asked if this authority had the right of eminent domain to go and condemn property. Of course it has not. How can it, when there are no resources back of it? That is elementary.

Mr. STRONG of Kansas. Then I understand the gentleman has no objection to this bill except he is out for security for the bonds?

Mr. LAGUARDIA. I am sure about it; I know it. I was up against it for two years when I was on the board of estimates and appraisement.

Mr. STRONG of Kansas. The gentleman would approve the bill if the bonds were good?

Mr. LAGUARDIA. I want the Government to get cash or keep the property.

Mr. CAREW. Why does not the gentleman think the United States Government ought to give this property to the people of the community up there?

Mr. LAGUARDIA. Let them give it to the city of Hoboken and I will vote for it.

Mr. CAREW. The gentleman comes from the city of New York, why vote to give it to the city of Hoboken?

Mr. LAGUARDIA. Because there is too much at stake—

Mr. CAREW. Why does not the gentleman vote to give it to the city of New York. Why does he want to give it to the city of Hoboken?

Mr. LAGUARDIA. Let me inform the gentleman the property is in New Jersey and not in New York.

Mr. CAREW. There is no reason why it should not be given to the city of New York as well as to the city of Hoboken.

Mr. LAGUARDIA. I do not want to give it to the port authority under these conditions—

Mr. CAREW. Does not the gentleman think there is as much reason to doubt the gentleman's sincerity when he comes in here and opposes a public ownership and operation proposal as there is to doubt the sincerity of any other gentleman on this floor?

Mr. LAGUARDIA. I will say this to the gentleman—

Mr. CAREW. I would like to know where the gentleman got a reputation for sincerity, where he got a reputation for integrity?

Mr. LAGUARDIA. I served on the board of estimate and appraisement and was fighting these railroads when the gentleman was in Washington doing nothing about it. I will say to the gentleman I stayed Friday and Saturday, week after week, attending the sessions when the gentleman was not here. I fought the New York Central without the gentleman's aid. Does the gentleman want any more? If so, I will give it to him.

The CHAIRMAN. The time of the gentleman has expired. Mr. WAINWRIGHT. Mr. Chairman, I yield the remainder of my time to the gentleman from New York Mr. [MILLS].

The CHAIRMAN. The gentleman from New York is recognized for 11 minutes.

Mr. MILLS. Mr. Chairman and gentlemen of the committee, I take it that the committee and Congress are interested in the merits of the proposition and are not interested in the motives which lead individual Members either to oppose or to favor it. If we were going into the question of motives and the reasons which prompt certain gentlemen to take the position they have taken this afternoon, I venture to say I could tell you an interesting story.

But what has that to do with this bill? What you gentlemen want to know are just two things, I take it: First, the interest of the people of the United States, including the interest of 9,000,000 people in the metropolitan area, that this railroad should be owned by a public agency; and in the second place, is that public agency in a position to give to the United States Government adequate compensation, taking into consideration all the circumstances?

Now, as to the first question, I do not think there is any doubt. The question is whether you make these piers and this little belt line available to all the railroads by putting it into the hands of the port authority or make it available only to a single railroad; that is, the Delaware & Lackawanna. That is all. There can be only one answer to that question, because it must be obvious from the standpoint of the city and that of the public that it is better to make these piers available to all the trunk lines than to make them available just to a single one.

My colleague from New York [Mr. LAGUARDIA] would have you believe that the two States have grown lukewarm in regard to this proposition. I will insert in the RECORD, without reading it, a telegram from the Governor of New Jersey urging this legislation in most emphatic terms, and one from the Governor of New York also urging this legislation in most emphatic terms. I want to quote to you what the governors have to say about the port authority.

I am not particularly interested as to my colleague's opinion of the port authority. Here is what the two executives of those two great States have to say as to this port authority. In his annual message a year ago Governor Smith said that the great plans for developing the port of New York for serving those 9,000,000 people and serving the people of the Nation are now well under way.

Governor Silzer, in a special message which he sent on January 26 last, said:

Remarkable progress has been made in this important work since the creation of the commission in 1918. There is no more important work in the public interest than the great enterprise of the port authority. Its work is of vital importance to every citizen of the State. The commission needs and is entitled to be supported by public opinion. Only by hard and active work has it been able to overcome opposition from private and political interests working against instead of for the public welfare.

Gentlemen, do not accept my word for it. Accept the word of the two men best fitted to speak for New York and New Jersey, their respective governors; and they are not members of my party. They say to you in their official capacity, representing those two great States, "We believe in the port authority; we are back of it. We demand and ask Congress to give them this little railroad, which is part of the comprehensive plan which our legislatures have approved and which you gentlemen yourselves have ratified."

Mr. McSWAIN. Mr. Chairman, will the gentleman yield there?

Mr. MILLS. I regret I can not yield.

Mr. McSWAIN. In a question I would like to show that Congress itself has approved of it.

Mr. MILLS. I would like to yield, but I want to cover the ground.

The gentleman has stated that there is nothing but paper and plans back of all these propositions. Let us see. The port authority has been authorized to build two bridges. Last week the Senate of the State of New Jersey passed a bill authorizing a loan of \$2,000,000, if you please, to the port authority, taking in return not a first mortgage, if you please, but a second mortgage on the property, so that the port authority would be able to sell its bonds with the first mortgage as security and so complete this great public work. I am informed on the best authority that that bill will be passed by the New Jersey Legislature next Monday and that it will be signed by the governor, so that the State of New Jersey will expand this property to the extent of \$2,000,000, taking a second mortgage in return, and I believe the State of New York will do the same, inasmuch as a bill to the same effect was introduced in the New York Senate and in the New York Assembly this week.

The best information I can get—and I believe it is reliable—is that this legislation will unquestionably pass the New York Legislature; and if it does, it will be signed by the governor, and New York State will loan \$1,000,000 to the port authority, taking a second mortgage, in order to complete these great public works so necessary to the public of the two States. And is the Congress of the United States going to take this position: We think we would rather have \$1,000,000 in cash, offered by a private corporation, than bonds offered by a public agency of the States, because the United States does business on a cash basis over the counter, irrespective of the large public interests involved?

I am not just speaking for the development of the port of New York; I am not just speaking for the interests of the 9,000,000 people who reside in the metropolitan area, but I say to you that the development of the port of New York, with cheap access by rail to the water front, is of infinitely more importance to the shippers all through the United States. Will you, by the vote of this Congress, deliberately say, "We will sell this important link, giving access to the water front, to a private corporation instead of to a public agency which will make it available to every railroad serving the water front"? If you do that, I say to you gentlemen that you are bartering away a thing which is of importance to every shipper in the United States, no matter where he lives or what his business may be. I say to you that this is not just a local bill. I say to you that this is a bill affecting the public interests of every shipper throughout the United States. The question is not whether you can get a few more dollars for this road one way or the other. The question is whether the United States Government is going to stand behind this great public work, being undertaken by two of the States of the Union, to furnish cheap access to the water front of the great port of New York. You have already ratified the treaty creating the commission; you have already ratified the comprehensive plan which takes in the very road under discussion. Now, gentlemen, are you going to reverse your action because you say some one came along, a private railroad, and offered the United States Government a few more dollars and that you would rather have the dollars and let the public interests take care of themselves? That is the proposition, and that is the only proposition.

I am not here, as I said before, to ask you to take my word for it. I am going to put in the RECORD the word of the two governors. I am going to ask you to consider that this bill has passed the Senate, I think, unanimously; it was reported unanimously by the Senate Committee on Military Affairs, was reported unanimously by your own Committee on Military Affairs, was reported and, so far as I know, unanimously, by the Committee on Rules; has been indorsed by every important civic body in the city of New York, and has back of it the authority of the two governors and the two legislatures of the States of New Jersey and New York, irrespective of party. Are you simply on the statement of my colleague from New York who, as usual, offers no argument of facts but only suspicions, going to refuse to accept the word of the authorities which I submit to you?

Mr. Chairman, at this point I desire to insert in the RECORD a letter addressed to the chairman of Committee on Rules by the Governor of the State of New York, a letter addressed to me by the Governor of the State of New York, and a telegram received by me from the secretary to the Governor of New Jersey.

The letters and telegrams follow:

STATE OF NEW YORK, EXECUTIVE CHAMBER,

Albany, May 5, 1924.

Hon. BERTRAND H. SNELL,

Chairman Committee on Rules,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Under date of August the 10th the Governor of New Jersey and I wrote the Secretary of War urging upon his attention the importance of turning over to the Port of New York Authority the Hoboken Shore Line Railroad, the stock of which he now holds as Secretary of War.

Accompanying this letter is a copy of our communication to the Secretary, from which you will observe that we are both strongly of the opinion that this short line of railroad should be turned over to the port authority in order to permit at the earliest opportunity the consummation of the comprehensive plan for the development of the port, approved by the two States and the Congress of the United States.

In order to permit the Secretary of War to dispose of this road to the port authority there was introduced in the Senate (Senator WADSWORTH) S. 2287 and in the House (Congressman MILLS) H. R. 7014. I understand that both of these bills have been reported favorably by the Senate and House Military Affairs Committees, but that they can not come up for early consideration unless a special rule is adopted by your honorable committee putting it upon the calendar for a certain day when it may be considered by the House.

It is in the public interest that this bill should be promptly passed, in order that the plans of the port authority may be promptly effectuated. I therefore strongly urge upon your consideration the necessity of passing the rule which will enable this bill, H. R. 7014, as reported by the Committee on Military Affairs, to come up for early consideration in the House.

Sincerely yours,

ALFRED E. SMITH.

STATE OF NEW YORK,

EXECUTIVE CHAMBER,

Albany, January 31, 1925.

Hon. OGDEN L. MILLS,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: I am inclosing herewith a letter from the Secretary of War in relation to the so-called Hoboken Shore Line, and I regret to say that the Secretary of War is of the opinion that Congress will not enact legislation directing him to accept the bonds of the port authority in payment for this railroad.

The investigations made at great cost to the States of New York and New Jersey by the so-called bistate commission, and subsequent studies by the port authority, clearly indicate what happened to the port of New York as a result of leaving development entirely in private hands. It is regrettable that when the two States, acting through an agency of their own, seek to promote the commerce of the port by a comprehensive plan to coordinate and bring up to date all of its terminal facilities, we should at this time be faced by an unwillingness on the part of Congress to assist the agency of the two States in carrying out a plan which had the approval of Congress itself. The Hoboken Shore Line is an important part of that comprehensive plan; that it should fall back to private ownership is unthinkable if the two States are to carry out in full the purposes for which the port authority was erected.

In the interest of the port, for the coordination of port facilities and for the promotion of the supremacy of the port of New York, I very earnestly hope that you will be successful in securing the necessary legislation required to bring this property under public control for public use and public benefit.

Sincerely yours,

ALFRED E. SMITH.

NEWARK, N. J., January 31, 1925.

HON. OGDEN L. MILL, M. C.,
Washington, D. C.:

Governor Silzer receives word from Secretary of War stating that no legislation as yet authorizing port authority to take over Hoboken Shore Line Railroad. Governor trusts that you will urge the passage of necessary legislation in Congress as outlined in bill introduced at last session.

FREDERICK M. P. PEARSE,
Secretary to the Governor.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired.

Mr. BLANTON. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. SNELL. I hope the gentleman will withhold that for the present.

Mr. MOREHEAD. Mr. Chairman, I make the point of order there is not a quorum here.

Mr. WAINWRIGHT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill S. 2287 had come to no resolution thereon.

DECISION OF THE INTERSTATE COMMERCE COMMISSION

Mr. HILL of Maryland. Mr. Speaker, the Interstate Commerce Commission has just rendered a decision which has a very important bearing on the bill H. R. 11704, and I ask permission to revise and extend my remarks on the decision and on that bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. HILL of Maryland. On January 16, 1925, there was introduced in the House a bill (H. R. 11704) entitled:

To promote the flow of foreign commerce through all ports of the United States and to prevent the maintenance of port differentials and other unwarranted handicaps.

No bill could have a more plausible title than this measure, which was introduced both in the House and the Senate and which is known as the Butler-Garber bill. This bill, however, although purporting to create equality, was and is intended to do away with equality and to create an artificial alleged equality, contrary alike to nature and to the invariable decisions of the Interstate Commerce Commission extending over a period of 40 years. Congress many years ago wisely created the Interstate Commerce Commission for the purpose of handling the intricate matters of freight rates and differentials, but the above legislation proposed and still proposes to substitute for the Interstate Commerce Commission the Congress itself as a rate-making body. In other words, the Butler-Garber bill proposes that Congress itself shall make freight rates and not the Interstate Commerce Commission, to which the Congress had wisely delegated this intricate duty.

We have been discussing all afternoon the relation of the Federal Government to commerce, when we have had under consideration the sale to the Port of New York Authority of the Hoboken Manufacturers' Railroad, and a number of interesting statements have been made concerning commerce. I think, therefore, that this is an appropriate time for certain remarks in connection with the Butler-Garber bill, especially since the Interstate Commerce Commission has to-day rendered a decision that should end any serious attempts to seek enactment of the Butler-Garber bill.

The proponents, however, of this measure may, and probably will, continue their advocacy of this measure and will try to obtain by legislation what they have to-day, for the seventh time, been denied by the tribunal that Congress created to handle matters of this sort. I therefore deem it advisable to call special attention of all the Members of Congress, and especially of those whose local communities are especially affected, to the decision to-day handed down by the Interstate Commerce Commission in Case No. 13548, Maritime Association of Boston Chamber of Commerce et al. v. Ann Arbor Railroad Co. et al.

This decision makes final judicial disposal of cases instituted May 23, 1923, and should dispose also of the Butler-Garber bill. The decision is so important that I would like to print it in full in my remarks, but it begins at page 539 of the current interstate commerce report and terminates at page 592, and is therefore too long to be printed here in full. I will, however, give enough of the decision to advise in a measure those

interested in interstate commerce of its findings of law and fact, since the decision is virtually an adverse report, after full consideration of the Butler-Garber bill.

The complaints of the three complainants are the same, and were filed February 28, 1922, against 67 eastern carriers and the Illinois Central as defendants. In the words of the commission (page 540), all three complaints allege that—

the all-rail, lake-and-rail, and rail-lake-and-rail class and commodity rates on export and import traffic between Boston and differential territory are unjust, unreasonable, unduly prejudicial, and unduly preferential as compared with similar rates to and from the following ports: Montreal, St. John, and Halifax, in the Dominion of Canada; Philadelphia, Pa.; Baltimore, Md.; Norfolk and Newport News, Va.; Wilmington, N. C.; Charleston, S. C.; Savannah, Ga.; Jacksonville and Pensacola, Fla.; Mobile, Ala.; and New Orleans, La. The allegations as to undue preference of Philadelphia and Baltimore are made in the main complaint, in which complainants also assail the relationship between the export rates on ex-lake grain and its products other than flour from Buffalo, N. Y., to Boston and the like rates to Philadelphia and Baltimore. The allegations as to the Canadian ports are made in sub No. 1 and as to the south Atlantic and Gulf ports in sub No. 2, which is confined to export rates. We are asked to establish rates not in excess of those contemporaneously maintained to and from the several ports named in the respective complaints.

By the term "differential territory," used above, is meant west of the Buffalo-Pittsburgh line, on and north of the Ohio River, on and east of the Mississippi River, and south of a line drawn through from Dubuque, Iowa; Chicago, Ill.; and south of the Great Lakes.

Freight rates in a large territory and affecting many inland as well as coast cities are therefore made by to-day's decision, and it is precisely to-day's decision that is meant to be recalled and revoked by the Butler-Garber bill. It is therefore necessary to examine the exact terms of this measure at this point. H. R. 11704 is as follows:

Be it enacted, etc., That it is hereby declared to be the policy of Congress to promote, encourage, and develop ports and port facilities and to coordinate rail and water transportation; to insure the free flow of the Nation's foreign commerce through the several ports of the United States without discrimination, to the end that reasonable development of the said ports shall not be handicapped by unwarranted differences in transportation rates and charges, and to provide as many routes as practicable for the movement of the Nation's export and import commerce.

SEC. 2. On and after June 1, 1925, it shall be the duty of common carriers by railroad to establish and maintain for the transportation between United States ports on the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, respectively, of all property exported to or imported from any nonadjacent foreign country, rates that shall be the same as between ports on the same seaboard upon the respective classes or kinds of property: *Provided*, That the Interstate Commerce Commission may define the territory tributary to any port or group of ports from and to which the rates and charges applicable to such export and import traffic may be lower than the corresponding rates and charges to and from other port or ports on the same seaboard.

On and after June 1, 1925, it shall be unlawful for any common carrier by railroad to maintain or apply to or from any port in the United States from and to nontributary territory any rate or charge for the transportation of property for export to or imported from a foreign country not adjacent to the United States which is higher than the corresponding rate contemporaneously maintained to or from any other port on the same seaboard, or to prefer any port by the maintenance of port differentials or other differences in rates.

It is hereby made the duty of common carriers by water in foreign commerce, other than tramp vessels, to maintain and apply for the transportation of property imported into or exported from the United States to or from foreign countries not adjacent thereto rates that shall be the same for transportation from and to all United States ports on the Atlantic seaboard, the Pacific seaboard, and the Gulf of Mexico, respectively.

On and after June 1, 1925, it shall be unlawful for any common carrier by water in foreign commerce to maintain or apply to or from any port of the United States to or from foreign countries not adjacent thereto any rate applicable to the transportation of property imported into or exported from the United States that shall be higher than the corresponding rate contemporaneously maintained to or from any other port on the same seaboard, or to prefer any port by the maintenance of port differentials or other differences in rates.

SEC. 3. Any steamship line or vessel serving any port of the United States shall be permitted, in its discretion, to establish and maintain to and from such port ocean rates as low as those maintained by any other steamship line or vessel between any other port in the United States and the same foreign port, and any contract or agreement to the contrary is hereby declared to be unlawful.

The latter part of the above bill deals with ocean rates, while the first part deals with what are known as port differentials. Although the first two sections are couched in the strain of the Declaration of Independence, they mean just one thing, and that is the complaint contained in the above extract from to-day's decision of the Interstate Commerce Commission. The Butler-Garber bill is merely the complaint of the Maritime Association of Boston Chamber of Commerce heavily camouflaged. I shall not attempt to go fully into the decision of the Interstate Commerce Commission, but I call your attention especially to the fact that as to land-freight rates its decision is coextensive with the Butler-Garber bill.

The arguments which would be advanced in support of the Butler-Garber bill are well summarized by the Interstate Commerce Commission, at page 544, as follows:

Complainants say that the port differentials had their origin in an endeavor to compose rate wars and controversies between the carriers under bygone conditions, are arbitrary, were not intended to reflect, and do not reflect transportation conditions. A detailed history is given in Appendix B. Complainants assert that arbiters in the past, and we ourselves, have recognized these differentials as temporary expedients to be modified or abolished when they should prejudicially affect the natural flow of commerce to the ports. They contend that, notwithstanding efforts of those interested in the welfare of Boston to maintain and develop it as a port, the differentials have been a bar to its development, have reduced export and import traffic between differential territory and Boston almost to the vanishing point, and have prevented the securing of bulk or dead-weight cargo, such as grain and grain products, the lack of which accounts for the absence of satisfactory trans-Atlantic steamship service from and to Boston.

Prior to the entry of the United States Shipping Board Emergency Fleet Corporation into ocean carriage the effect of the differentials is said to have been offset and nullified by shrinkage of ocean rates in corresponding amounts. Thus the rates between inland points of the United States and foreign ports were equalized through the north Atlantic ports. Upon this record the policy of the United States Shipping Board is to make the ocean rates to and from the north Atlantic ports uniform. This equalization of the ocean rates to and from the ports complainants offer as a reason for like equalization of the rail rates to and from the same ports.

In 1910 commercial bodies of Boston, Philadelphia, Baltimore, and New York, together with interested carriers, applied to us for advice as to the adjustment of import rates from the several ports. We found that temporarily import rates from Boston, Philadelphia, and Baltimore should be lower than from New York. (In the Matter of import rates, 24 I. C. C. 78; *ibid.* 678; I. C. C. 245.) Shortly thereafter the Chamber of Commerce of the State of New York filed with us a complaint alleging that the import and export rates from and to New York were unreasonable and unjustly discriminatory. In *Chamber of Commerce of New York v. New York Central & Hudson River Railroad Co.* (24 I. C. C. 55), as modified by the supplemental report (24 I. C. C. 674), we found that the import and export rates from and to Boston should not be lower than the corresponding New York rates, and that the differentials of Philadelphia and Baltimore under New York should not exceed amounts which were the same as the differentials now in effect, with the exception that on ex-lake grain the maximum differentials were fixed at 0.2 cent per bushel of barley or oats and 0.3 cent per bushel of wheat, corn, or rye.

Complainants take the view that we did not approve the differentials, but merely found them not unduly prejudicial under the law then in force and the circumstances and conditions then existing. They contend that there have since been material changes both in the law and in the circumstances and conditions. For changes in the law, they refer to the power granted us in 1920 to establish minimum rates, the provision that the rate structure shall be so adjusted as to enable railroads to earn a fair return upon their property held for and used in the service of transportation, the provision for consolidation of the railroads into a limited number of systems, and the policy of Congress as expressed in section 500 of the transportation act, 1920, to foster and preserve in full vigor both rail and water transportation. Their thought seems to be that the railroads are now regarded by the law not only as independent entities but also as parts of a national transportation system, and that by the power to fix minimum rates we are now able to control relationships of rates which could not previously be reached under the undue preference and prejudice provisions. They also refer to the merchant marine act, 1920, providing for the development of a national merchant marine and declaring the policy of Congress to promote, encourage, and develop water transportation in connection with the commerce of the United States. For changes in circumstances and conditions, they refer particularly to the policy of the United States Shipping Board to equalize the ocean rates to and from the north Atlantic ports, the decline in recent years of the commerce of Boston, the increase in the terminal facilities at Boston, the equalization by the

Director General of Railroads of export class rates from portions of differential territory to the south Atlantic and Gulf ports, and the changes in volume and movement of grain and grain products.

It will be noted, therefore, that the water-transportation rates dealt with by the Butler-Garber bill were fully discussed before the Interstate Commerce Commission in connection with the land rates. After full hearings and argument the commission decided—

Upon the issues presented and the record made we find that the rates assailed are not unjust, unreasonable, or unduly prejudicial to the New England ports or unduly preferential of the other ports, as alleged.

This decision should dispose of the Butler-Garber bill as well as of the three cases before the Interstate Commerce Commission. The matter, however, is so important to differential territory, that is, to all that territory west of the Buffalo-Pittsburgh line, on and north of the Ohio River, on and east of the Mississippi River, and south of a line drawn through from Dubuque, Iowa; Chicago, Ill.; and south of the Great Lakes, that I call special attention of the Representatives of this territory to the decision. It is also of vital interest to those of us who represent the States in which are located Philadelphia, Pa.; Baltimore, Md.; Camden and Trenton, N. J.; Wilmington, Del.; Norfolk and Newport News, Va.; Wilmington, N. C.; Charleston, S. C.; Savannah, Ga.; Jacksonville and Pensacola, Fla.; Mobile, Ala.; New Orleans, La.; and many other places. I call especial attention, therefore, to to-day's decision in connection with the Butler-Garber bill. [Applause.]

WORLD COURT

Mr. LEAVITT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by printing in the RECORD a brief resolution from the heads of eight women's clubs in Montana regarding the World Court.

The SPEAKER. The gentleman from Montana asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. LEAVITT. Mr. Speaker, under leave granted to me to extend my remarks I submit the following:

GREAT FALLS, MONT, February 5, 1925.

Congressman SCOTT LEAVITT,
Washington, D. C.

DEAR SIR: The following organizations having discussed the present situation of the United States in regard to the World Court have adopted the following resolution and desire it to be brought to your attention:

Whereas we believe that by joining with the other nations of the world in the World Court the United States should take its rightful place in establishing the outlawry of war and the settlement of international disputes by arbitration; be it therefore

Resolved, That the Committee on Foreign Relations of the United States Senate put before the full Senate for a vote as soon as possible the participation of the United States in the World Court on the Harding-Hughes plan.

Mary G. Mitchell, chairman League Women Voters; Jessie E. Patton, president of City Federation; Jennie Douglas, oracle Primrose Camp, R. M. A.; Reola Appel, secretary Am. As. of U. Women; Faye W. Miller, Woman's Club; Eva Walker, Woman's Christian Temperance Union; Emeline Wolfe, Delphian Society; Gracia C. Beard, president Travel Club.

THE LATE REPRESENTATIVE CANTRILL

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that Sunday, March 1, be set aside for memorial services on the life, character, and public services of the late JAMES C. CANTRILL, a Representative from the State of Kentucky.

The SPEAKER. The gentleman from Kentucky asks unanimous consent that Sunday, March 1, be set aside for memorial exercises for the late Mr. CANTRILL, of Kentucky. Is there objection?

There was no objection.

ENROLLED BILLS SIGNED

Mr. ROSENBLUM from the Committee on Enrolled Bills reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 9494. An act to enable the Board of Supervisors of Los Angeles County to maintain public camp grounds within the Angeles National Forest; and

H. R. 10287. An act authorizing preliminary examination and survey of the Caloosahatchee River in Florida with a view to the control of floods.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to—
Mr. WURZBACH, for one week, on account of illness.

Mr. MAPES (at the request of Mr. CHAMTON), for the day, on account of illness.

SPEAKER PRO TEMPORE SUNDAY

The SPEAKER. The Chair designates to preside at the session of the House to-morrow, the gentleman from Massachusetts, Mr. TREADWAY.

ADJOURNMENT

Mr. SNELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 13 minutes p. m.) the House, in accordance with its order previously made, adjourned to meet on Sunday, February 15, 1925, at 2 o'clock p. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. STEPHENS: Committee on Naval Affairs. S. 350. An act to authorize the transfer of surplus books from the Navy Department to the Interior Department; without amendment (Rept. No. 1494). Referred to the Committee of the Whole House on the state of the Union.

Mr. WINSLOW: Committee on Interstate and Foreign Commerce. H. J. Res. 332. A joint resolution to authorize a survey of the St. Lawrence River, and the preparation of plans and estimates, as recommended by the International Joint Commission; with amendments (Rept. No. 1495). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. STEPHENS: Committee on Naval Affairs. S. 1809. An act for the relief of Emelus S. Tozier; without amendment (Rept. No. 1492). Referred to the Committee of the Whole House.

Mr. STEPHENS: Committee on Naval Affairs. H. R. 11847. A bill for the relief of Herbert T. James; with an amendment (Rept. No. 1493). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LANGLEY: A bill (H. R. 12296) to authorize the removal of the gates and gate posts at the head of West Executive Avenue, in the District of Columbia; to the Committee on Public Buildings and Grounds.

By Mr. OLDFIELD: A bill (H. R. 12297) granting the consent of Congress to the county of Jackson, Ark., to construct, maintain, and operate a bridge across the White River, at or near the city of Newport, in the county of Jackson, in the State of Arkansas; to the Committee on Interstate and Foreign Commerce.

By Mr. CABLE: A bill (H. R. 12298) providing for the purchase of a site and the erection of a public building thereon at Lima, Ohio, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. HOWARD of Oklahoma: A bill (H. R. 12299) to amend an act entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States"; to the Committee on Indian Affairs.

By Mr. GREEN: A bill (H. R. 12300) to amend section 281 of the revenue act of 1924; to the Committee on Ways and Means.

By Mr. WILSON of Indiana: A bill (H. R. 12301) to extend the time for constructing a bridge across the Ohio River between Vanderburg County, Ind., and Henderson County, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIHLMAN: Joint resolution (H. J. Res. 355) providing for the appointment of a select committee of seven Members of the House who are Members of the Sixty-eighth Congress and who have been elected to the Sixty-ninth Congress to investigate the oil industry of the United States, and for other purposes; to the Committee on Rules.

By Mr. CLANCY: Resolution (H. Res. 441) for the consideration of H. J. Res. 336, to provide for the expenses of the delegates of the United States to the Pan American Congress of Highways; to the Committee on Rules.

By the SPEAKER (by request): Memorial of the Legislature of the State of Oregon, favoring S. 3779, to provide for aided and directed settlement on Government land in irrigation projects; to the Committee on Irrigation and Reclamation.

Also (by request), memorial of the Legislature of the State of Indiana, requesting the location of the Federal Industrial Farm for Women at Delphi, Ind.; to the Committee on the Judiciary.

By Mr. COLTON: Memorial of the Legislature of the State of Utah, memorializing Congress to pass the Pittman bill relating to the purchase of 14,437,000 ounces of American produced silver at \$1 per ounce; to the Committee on Coinage, Weights, and Measures.

By Mr. McLAUGHLIN of Nebraska: Memorial of the Legislature of the State of Nebraska, petitioning the Congress of the United States to provide for a survey of the Missouri River and for development of the St. Lawrence waterway; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWELL: A bill (H. R. 12302) granting an increase of pension to Delilah Shepherd; to the Committee on Invalid Pensions.

By Mr. FREDERICKS: A bill (H. R. 12303) for the relief of Harold Edward Barden; to the Committee on Naval Affairs.

By Mr. HERSEY: A bill (H. R. 12304) granting an increase of pension to Georgie A. Fifield; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 12305) granting an increase of pension to Mary J. Beamer; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3788. By the SPEAKER (by request): Petition of the Citizens' Association of Takoma, D. C., favoring the early enactment into law of Senate bill 3765; to the Committee on the District of Columbia.

3789. By Mr. ANTHONY: Petition of citizens of Topeka, Kans., protesting the enactment into law of Senate bill 3218, or any other religious legislation; to the Committee on the District of Columbia.

3790. By Mr. COLTON: Petition of Utah Mission of Seventh Day Adventist, Ogden, Utah, opposing the passage of Senate bill 3218, the compulsory Sunday observance law; to the Committee on the District of Columbia.

3791. By Mr. DICKINSON of Missouri: Petition of 106 petitioners in Henry County, Mo., urging the passage of the Sterling-Reed bill, known as House bill 3293 and Senate bill 1334; to the Committee on Education.

3792. By Mr. HADLEY: Petition of residents of Skagit County, Wash., protesting against the passage of Senate bill 3218; to the Committee on the District of Columbia.

3793. By Mr. HICKEY: Petition of Miss Frances P. Goodwyn, 301½ State Street, La Porte, Ind., signed by citizens of La Porte, Ind., protesting against the Sunday observance bill; to the Committee on the District of Columbia.

3794. By Mr. HUDSON: Petition of the Young Woman's Christian Association of Lansing, Mich., favoring the immediate entrance of the United States into the World Court with the Harding-Hughes reservations; to the Committee on Foreign Affairs.

3795. By Mr. KELLY: Petition of Port Vue (Pa.) School Board, asking final action on postal pay bill; to the Committee on the Post Office and Post Roads.

3796. By Mr. KETCHAM: Petition of citizens of Bangor, Mich., protesting against Senate bill 3218, a bill providing for compulsory Sunday observance; to the Committee on the District of Columbia.

3797. By Mr. KVALE: Petition of Agnes E. Huseeth, Mrs. O. Haugen, Harold Rey, and others of Barrett, Minn., urging enactment of the so-called deportation bill by the Congress of the United States at this session; to the Committee on Immigration and Naturalization.

3798. By Mr. MOREHEAD: Petition of citizens of College View and Lincoln, Nebr., in opposition to Senate bill 3218, compulsory Sunday observance bill; to the Committee on the District of Columbia.

3799. By Mr. MORROW: Petition of Mrs. Maria R. O. de Garcia, of East Las Vegas, N. Mex., in favor of legislation

in behalf of veterans, widows, and orphan children of Indian wars; to the Committee on Pensions.

3800. By Mr. NEWTON of Minnesota: Petition on behalf of sundry citizens of Minneapolis, protesting against the compulsory Sunday observance bill, S. 3218, and all other similar legislation; to the Committee on the District of Columbia.

3801. By Mr. SWING: Petition of citizens of San Bernardino County and Elsinore, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

HOUSE OF REPRESENTATIVES

SUNDAY, February 15, 1925

The House met at 2 o'clock p. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God—our Heavenly Father, Thou has been our dwelling place in all generations, therefore we would close the outer doors of our beings and rest in the quiet of the inner chamber for a moment. By this silent effort we would renew our vows, declare our Christian faith, and ask Thee to direct the issues of our lives. Give us the trust that lifts skyward and sees beyond the sky line. We thank Thee that there is nothing in life, nothing in death, and nothing beyond the grave that is able to separate us from the Father and His love.

Bless unto us the memories of those who have left us, and may the service that they rendered to our Country abide while time passes by. Do Thou give unto us the faith and the courage to break through earth's cares, earth's burdens, and earth's sorrows, and wait patiently, work industriously, and rest sweetly until the dawning of the perfect day. Amen.

The SPEAKER. Without objection the reading of the Journal of the proceedings of yesterday will be deferred until tomorrow.

There was no objection.

MEMORIAL EXERCISES FOR THE LATE SENATOR LODGE, SENATOR BRANDEGEE, AND SENATOR COLT

The SPEAKER. The Clerk will read the special order for to-day.

The Clerk read as follows:

On motion of Mr. TREADWAY, Mr. TILSON, and Mr. ALDRICH, by unanimous consent—

Ordered, That Sunday, February 15, 1925, be set apart for memorial addresses on the life, character, and public services of the Hon. HENRY CABOT LODGE, late a Senator from the State of Massachusetts, the Hon. FRANK B. BRANDEGEE, late a Senator from the State of Connecticut, and the Hon. LEBARON B. COLT, late a Senator from the State of Rhode Island.

Mr. TREADWAY. Mr. Speaker, I offer the following resolution which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 442

Resolved, That the business of the House be now suspended that opportunity may be given for tributes to the memory of Hon. HENRY CABOT LODGE, late a Senator from the State of Massachusetts, Hon. FRANK B. BRANDEGEE, late a Senator from the State of Connecticut, and the Hon. LEBARON B. COLT, late a Senator from the State of Rhode Island.

Resolved, That as a particular mark of respect to the memory of the deceased, and in recognition of their distinguished public careers, the House at the conclusion of these exercises shall stand adjourned.

Resolved, That the Clerk communicate these resolutions to the Senate.

Resolved, That the Clerk send copies of these resolutions to the families of the deceased.

The SPEAKER. The question is on agreeing to the resolution. The resolution was agreed to.

Mr. TREADWAY. Mr. Speaker, it is only within a few weeks that the Senate of the United States paid deserved tribute through the eulogies of several of its Members to the memory of one of their former colleagues, HENRY CABOT LODGE of Massachusetts.

The addresses delivered at that time were equally keen in their praise of Senator LODGE on whichever side of the political aisle the seats of the speakers were located. For 31

years he had been a member of that body. During that entire time he was always prominent, always forceful, always expressive of his opinions on great public questions of the day.

It is not of that service to the State of Massachusetts and to the Nation that I wish to speak to-day—others are more competent to do that—but of a certain personal side of the life and character of this distinguished statesman.

My first recollection of Mr. LODGE was as a visitor to Washington when quite a young man. He was then a member of this body. Mr. Reed was Speaker and I listened with rapt attention to an address by Mr. LODGE on a naval appropriation bill. His clear voice rang out in resilient tones throughout the Chamber and his speech made a marked impression upon me.

It would be practically impossible for any man in any way connected with Massachusetts affairs, not to feel a personal acquaintance with Mr. LODGE during the last third of a century. Although meeting him frequently at political gatherings, my first actual contact with him in a somewhat intimate way was when he accepted an invitation to address the Massachusetts Legislature upon the life of Abraham Lincoln.

It was my privilege to act as the presiding officer of the joint convention. The address of Mr. LODGE showed a most careful study of the life and character of the Great Emancipator and was received most cordially by our membership.

Perhaps the most striking occasion of association with him was when he made a most remarkable appearance before the Legislature of Massachusetts of 1911 in Symphony Hall, Boston, on the eve of the balloting for his reelection. Clouds had gathered over his political horizon, and as so frequently happens in a prominent and lengthy public service, he had incurred the enmity of certain influential people in our State.

His friends were solicitous regarding the outcome of that address, as a small group of the legislature represented those in opposition to Mr. LODGE's reelection.

The legislature occupied front seats in the hall, which was the largest auditorium in the city of Boston, the remainder of the building being filled to the roof with citizens to hear what might prove an address of great moment to the people of our Commonwealth.

No music, no stage setting, no presiding officer. At the appointed hour this slight figure, slight in physique but large in mentality, came upon the stage—unaccompanied and unheralded. We usually are pleased to have honors bestowed upon friends, but a very different sensation possessed me that night. It was one of regret and sadness that a man who had given his all to our Commonwealth should feel compelled to publicly describe and defend the course he had followed in carrying out his trust.

Deliberately and plainly he described the positions he had taken upon questions before Congress during his period of service. He never spoke with deeper feeling or with less oratorical display. A great ovation was deservedly given him at the close of his address, and shortly thereafter the account of his stewardship was approved by the accredited representatives of the people of Massachusetts assembled in the general court.

This meeting was unique. Here was a great man accounting for the way in which he had filled a great office. But he also realized that his greatness was on trial. It seemed to me as though he was being persecuted for the great services he had performed. He was pleading his case almost as a lawyer would defend a client. The reverse should have been the case. He should have been receiving the praise of the State for the services he had rendered to her and to the Nation.

Excerpts from that Symphony Hall address are particularly appropriate here:

Two things only will I say: My public service is all public. I have never had a private interest which in the remotest way conflicted with or affected my performance of my public duties.

I have no secrets. I have nothing to conceal. No one is so acutely conscious as I of the mistakes I have made; no one realizes as I realize how often I have failed to reach in full completion the ideals I have sought to attain. But the record is there for the world to see. There is not a page upon which the people of Massachusetts are not welcome to look; there is not a line that I am afraid or ashamed to have my children and my grandchildren read when I am gone.

I was born and bred in Massachusetts. I love every inch of the old State, from the rocks of Essex and the glittering sands of the Cape to the fair valley of the Connecticut and the wooded Berkshire Hills.